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CONTENTS

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	PAGE
GOVERNMENT, by Professor Graham Wallas	3
BORROWING BY LOCAL AUTHORITIES, by I. G. Gibbon, C.B.E., D.Sc.	16
THE DEVELOPMENT OF MUNICIPAL FINANCE IN SCOTLAND, by J. D. Imrie, M.A., B.Com., F.S.A.A.	24
LEGISLATIVE POWERS OF PUBLIC AUTHORITIES, by Harold Potter, LL.B.	32
LOCAL AUTHORITIES UNDER THE ELECTRICITY (SUPPLY) ACTS, by Sir Harry E. Haward	41
LOCAL INQUIRIES, by E. H. Rhodes	56
NOTES (see next page)	67
REVIEWS (see next page)	74

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Notes

	PAGE
<i>Municipal Research: United States of America</i>	67
<i>Office Methods, Operations, and Machines</i>	68

Reviews

<i>Author of Book.</i>	<i>Short Title of Book.</i>	<i>Author of Review.</i>	
HISTORY AND BIOGRAPHY			
LEE, SIR SIDNEY	<i>King Edward VII</i>	A. A. A.	74
MASARYK, DR. T. G.	<i>The Making of a State</i>	M. M.	76

GOVERNMENT DEPARTMENTS

HEATH, SIR T. L.	<i>The Treasury</i>	Sir Charles Harris, G.B.E., K.C.B.	79
MURRAY, SIR E.	<i>The Post Office</i>	G. H. Stuart-Bunning, O.B.E., J.P.	83
SELEY-BIGGE, SIR L. A.	<i>The Board of Education</i>	A. E. Jackson	85
FLOUD, SIR F.	<i>The Ministry of Agriculture and Fisheries</i>	Sir Henry Rew, K.C.B.	89

LOCAL GOVERNMENT

GRIFFITH, E. S.	{ <i>City Government in the United Kingdom</i> <i>and in the United States</i> }	N. N.	91
MUNRO, W. B.			

Government

By PROFESSOR GRAHAM WALLAS

[Inaugural Address to the Institute for the Session 1927-28]

DURING the last hundred years, in all the civilized communities of the world, the functions of Government have changed from being mainly negative into being mainly positive, that is to say, Governments have come to be engaged not merely in preventing wrong things from being done, but in bringing it about that right things shall be done.

The cause of this change is in the main the growing complexity of human society resulting from scientific discovery. It is because the village carrier has turned into a vast railway system, the miller's wheel into a vast system of electric power, the village money lender or the private bank of the market town into a vast system of international credit, that Governments have found themselves compelled to become positive. Even Sir Ernest Benn, than whom I suppose there exists no more wholehearted opponent of the idea of Government control, began an attack upon the expansion of Government by saying, "We have accepted as a nation the view that it is the duty of the State to do things."

Now the main difference between a State which has to do things and a State which has to prevent things being done, arises from the fact that the prevention of wrongdoing can be carried out by one man with disciplined human instruments merely carrying out his orders. A negative Government only requires courage and consistency in its officials; but a positive Government requires a constant supply of invention and suggestion, and invention and suggestion take time. One man cannot in a given time do all the invention that is required in that time, any more than one bee can in a year secrete all the wax which is necessary for the building up of a year's honeycomb.

In England the eighteenth-century Government may be taken as the pattern, in some ways a successful pattern, of what I have called a negative Government. It engaged with great vigour in national defence both on land and sea, and in the raising by taxation of the funds necessary for national defence. The rest—trade, industry, health, education—it left either to private persons, or to local corporations which had no definite connection with the central State. The historical turning-point where the State began to find that it must undertake the business of invention and suggestion, came with the Reform Bill of 1832, and with the social legislation, as we now call it, which followed that Reform Bill. The Factory Act of 1833, the new Poor Law of 1834, the new Municipal Act

Public Administration

of 1835, the registration system of 1836, the Education Department of 1839, and the making of a reformed Post Office in 1841, required a process of intellectual invention and intellectual initiative. Where did that intellectual invention and initiative come from? The Civil Service, at the time of the Reform Bill of 1832, could not invent, because it was the creature of mere patronage. Every appointment to the regular Civil Service was initiated by Members of Parliament according to a system by which each Member of Parliament voting with the Government had a certain section of the public patronage handed over to him, and the more inefficient his nominee, the more grateful were the relations of his nominee. We all know some of the facts, and I only give one single instance. Mr. Edward Romilly, giving evidence about 1835, says, "There was a case in our office (the Board of Audit) of a gentleman being appointed who could neither read nor write. He was almost an idiot, and there was the greatest possible difficulty in getting him out of the office." Such a man was not likely to invent new and ingenious methods of carrying on the audit of the national accounts. And even when, by some accident or other, you got an able man into the ordinary Service, as happened, for instance, from time to time in the Treasury, that man had to spend the first ten or fifteen years of his official life in the merest routine, directing and wafering envelopes, addressing letters, and copying, before he was called upon to use his brains in any way. There were certain offices, of which the Colonial Office is a striking example, where it would have meant national disaster if some thinking had not been done; and in those offices and in other offices when a crisis came, it was the custom to bring in from outside mature men, very often successful lawyers, in order to help the Minister to think. You had in the Colonial Office a splendid succession of men like Sir James Stephen and Sir Henry Taylor, who were brought in in mature life to be part of the thinking apparatus of the office; and when we reorganized the Post Office we brought in Sir Rowland Hill, whom the aristocratic Secretary to the Post Office used always to call "the man from Birmingham."

As Sir Charles Trevelyan pointed out afterwards, this system had a double fault: "The ordinary Civil Servants are superseded because they are incompetent, and they remain incompetent because they are superseded."

But these special advisers were few, and were confined to a few offices. Who did the rest of the work of intellectual initiative? To an extent which it is difficult to realize now, that work was done personally by His Majesty's Ministers. Those of you who have read Queen Victoria's letters will remember that on one occasion the Queen, when she had been on the Throne two or three months, asked Lord John Russell what was the meaning of the word "bureaucracy," and Lord John Russell wrote to Lord Palmerston asking him to explain it very simply and very clearly

Government

to the Queen. Lord Palmerston wrote in reply, and practically said that "bureaucracy" meant allowing your Civil Servants to think, instead of doing all the work for yourself. He says—and I can imagine a modern Foreign Minister reading it with something of a sigh of regret for the old times—that abroad, particularly in Germany and in France, there is a class of persons in the Public Offices who are not Ministers and who "exercise much more power and influence than the corresponding class of persons do in this country. The Minister for Foreign Affairs in France, Austria, Prussia, and Russia seldom takes the trouble of writing his own despatches, except perhaps upon some very particular or important occasion." Lord Palmerston, who was a magnificent administrative athlete, did in fact write most of his despatches, many of which were not of particular importance or value, and Minister after Minister did succeed in running his office somehow under those conditions. Peel was a man of fine natural constitution, though of sedentary habits; Gladstone was a born athlete—and Peel, Gladstone, Palmerston, ran their offices under the idea that nearly all the thinking and suggestion and initiative in the office were to come from the Minister.

In the period of administrative reconstruction from 1832 to 1870 one finds that, besides the Minister and the personal advisers like Sir James Stephen and Sir Henry Taylor, a good deal of administrative initiative came from private Members of Parliament. From Lord Shaftesbury, when he was Lord Ashley, came the principle of the new system of factory inspection. Joseph Hume, with the help of Francis Place, did most of the invention of the new legal position assigned in 1825 to the Trades Unions. A certain amount of invention was done by Parliamentary Committees, and by the newly discovered or newly applied system of Royal Commissions, like the Royal Commission that made the Poor Law of 1834, the Royal Commission that made the details of factory inspection in 1833, and the Municipal Reform Commission of 1835. These Royal Commissions found it necessary, if they were to do their work, to appoint Assistant Commissioners or sub-Commissioners to go round the country and study the subject and report to them, and the Assistant Commissioners, because they had become experts in their subjects, were often chosen to administer the new schemes that they had helped to invent, and appeared later as inspectors or officials in the new Government offices.

But all that was insufficient, and as the years went on, and society became more complex, was constantly felt to be insufficient. Sir Henry Taylor, than whom there has hardly ever been a more observant or thoughtful Civil Servant, writing in 1836, says, "It is one business to do what must be done, another to devise what ought to be done. It is the spirit of the British Government, as hitherto existing, to transact only the former business." Lord John Russell—who was not an athlete

Public Administration

and a cutter-down of oak trees like Mr. Gladstone, or boyishly active at 83 like Lord Palmerston—writing in 1847, said that British Ministers could not then do their proper work of initiative. "The time of Ministers," he says, "is so taken up that very few of them can give their attention to any great subject."

The effect was that though there was a crying need for Government initiative arising from the great social and economic changes of that period, the necessary Government initiative was not supplied, and that it came to be taken for granted that Governments, in all matters requiring thought and initiative, must be inefficient. Lord Lansdowne, for instance, speaking in 1847, said, "It is invariably admitted that Governments are the worst of cultivators, the worst of manufacturers, the worst of traders." When the English railway system was being rapidly developed, we can now see what an enormous saving of future waste and friction and confusion would have resulted from an intelligent degree of Government direction in that process. But Sir Robert Peel said that he would not allow "the torpid hands of the State," the torpid hands of his own Government, to interfere in the development of the railway system.

If any one had reflected that Government is a science like any other science, and had gone to Oxford, for instance, which believed itself to be a University given to the study of Government, and asked for advice, he would have been advised to read a few very interesting books by Aristotle or Hobbes, but would have found it very difficult to apply what he read in those books to the actual problems of how you should administer a Factory Act, how you should develop Poor Relief, or what you should do about the gold standard. Locke, Montesquieu, Hobbes, Aristotle and Plato, and the other classics which were read at Oxford, did not make the necessary connection between high theory and the development of intellectual initiative in the art of Government.

There was, however, one body of experience on which the British State at that time could fall back for suggestions. We had left the administration of British India to the East India Company, and although the connection of that Company with the Government was close, the servants of the East India Company had to do things, had to be positive and not merely negative. A young cadet who found himself in charge of a whole district had to invent from the beginning and not merely to act as a sort of policeman; and therefore the East India Company and the governmental Board of Control, having before them the constant possibility of the disappearance of their Empire in India, had been forced to choose with a certain amount of care their cadets, to train them at the East India Company's College at Haileybury, and to prepare them for the exercise of intellectual initiative in India.

Further, there was another reservoir of ideas and suggestions, the

Government

importance of which I think is becoming recognized by students of British history—like my friend Professor Hallevy, whose great History of Britain is now appearing—namely, Jeremy Bentham, who for the last twenty years of his life was constantly engaged in the process of administrative invention. He had, especially from 1820 to 1830 or 1831—he was working, in fact, on the subject at the time of his death in 1832—been writing day by day sections of a book which he called *The Outline of a Constitutional Code*, and which contained an immense scheme that seems to us now quite incredibly ingenious of central and local administration. He proposed that the Civil Service should be recruited by open competition, and that in order to secure that that open competition should not be available to the one class of the community which then monopolized higher education, the parents of children whom they desired to compete should announce their intention some years beforehand and that the children, if they were considered suitable, should be given State scholarships, and be prepared for the kind of special intellectual work which they would do in the various branches of the Civil Service. His proposals with regard to the recruitment of the Civil Servant had been published under the name of "Official Aptitude Maximised" in 1830. His admirable scheme for the relation between central and local Government, his scheme for the reception in London of reliable information from the rest of the community, and his "amelioration-suggestive scheme for distributing suggestions from the centre to the localities, remained in manuscript, known by James Mill and used by him in directing the developments of Government in India; known by John Stuart Mill, who had worked on the manuscripts as a boy; known by Sir Edwin Chadwick, who had been Bentham's secretary, and by Dr. Southwood Smith, who was the intellectual originator of our system of public health. *The Constitutional Code* was constantly used in suggesting details of legislation, but was not published until 1841, and then only imperfectly published. The whole of the original pile of manuscript is now in University College, London, waiting until some Civil Servant, who knows what administrative efficiency is, shall go and write a book based upon what he finds there.

So, by the middle of the nineteenth century the growing complexity of social organization was calling for positive Government; the negative Government of the eighteenth century was breaking down, if only because of the actual breakdown in health of the Ministers who tried to direct it, and you had in the background a certain amount of positive Indian experience and Bentham's enormous mass of inventions (Talleyrand, for instance, said of Bentham, just before his death, "All the world has robbed him and yet he remains rich"). The actual occasion of a new departure, and the introduction of a British Civil Service based on the idea of positive creative Government instead of merely police

Public Administration

Government, came from India. In 1840, Sir Charles Trevelyan, a brilliant young Indian Civil Servant, who had married Macaulay's sister, came home from India and, as was the custom of the day, was put as a mature official into the Treasury in order to advise the Government upon organization. No one ever worked so hard as Sir Charles Trevelyan (he appears in one of the novels of a less industrious Civil Servant, Anthony Trollope, under the name of Sir Gregory Gradgrind). Sir Charles, from 1840 to 1848, found out all the facts of the Civil Service, and began to prepare in his mind for a drastic change. That change became politically possible in 1848, when executive Governments throughout continental Europe broke down one after another and were with difficulty recreated in 1849. Looking back upon that period in 1875, Sir Charles Trevelyan described his memory of what happened. He said, in his evidence before the Playfair Commission, "The revolutionary period of 1848 gave us a shake, and created a disposition to put our house in order, and one of the consequences was a remarkable series of investigations into Public Offices which lasted for five years and culminated in the Organization Report." That Report was issued by Sir Charles Trevelyan and Sir Stafford Northcote in the winter of 1853-1854, and is the foundation of our existing Civil Service. It was based throughout upon the positive idea of Government, upon the idea that Government must be carried on by men who think as to what ought to be done, instead of merely doing that which must be done. The idea frightened some of the ablest of the existing heads of departments. Sir James Stephen, of the Colonial Office, for instance, denied that original thinkers were wanted in the Civil Service. "Why invite," he said, "an athlete into a theatre where no combat and no reward await him?" Sir James Stephen's remarks were sent to John Stuart Mill at the East India Office, and Mill replied, "Mediocrity ought not to be engaged in managing the affairs of State." The Trevelyan Report, when first published, was, according to Macaulay, laughed at in the Clubs, and had little support in the House of Commons. It was, however, followed almost immediately by the Crimean War, which was marked by a complete breakdown of the administrative side of our Services. An agitation for administrative reform spread throughout the country. In consequence, in 1855, the first Civil Service Commissioners were appointed, with the duty of carrying on an independent examination of the nominees of Members of Parliament. They had their difficulties: the idea was new that the nominees of Members of Parliament should be subject to criticism by a Commission, and on one occasion Lord Palmerston sent to Somerset House, where the Civil Service Commissioners used to sit, ordering them to come to him and bring the answers of a certain candidate and the papers which they had set, in order that they might be carpeted by the Prime Minister. The Civil Service Commissioners, I am proud to say,

Government

replied that unfortunately their regulations prevented them from doing anything of the kind, the papers could not go out of their possession, but if the Prime Minister would come to their office they would be only too happy to show them. Lord Palmerston saw the writing and arithmetic of his nominee and ceased to interfere. At first the independence of the Commission had to fight against many enemies, but the principle of competition was slowly introduced, at first by requiring that two or three candidates should appear before the Commissioners for each post, and gradually moving in the direction of more open competition. The three candidates for each post, when one of them was the nominee of an important statesman, sometimes, I am afraid, gave rise to evasions. There were two gentlemen who used to be known as the "Treasury idiots," and if it was very necessary that the nominated candidate should get in, he was ordered to compete against these two gentlemen.

The system was made more efficient in 1859, when a Certificate from the Civil Service Commissioners was made a condition of superannuation. Things went quietly on until in 1867 we took a sudden "leap in the dark" and created a Parliament depending on mainly working-class votes. From that moment, those who had enjoyed patronage in the past felt that patronage was slipping from them, and were afraid of the new men, the little local Conservative or Liberal associations in the country into whose hands patronage might fall while the local politicians had not yet learnt to value patronage. This change coincided with a more general change of mind in the eighteen-sixties. Men, in the first place, acquired a growing recognition of the complexity of the new industrial society, and, in the second place, began to fear the new type of administrative efficiency which had appeared in Prussia, and which had struck down in campaigns of a few weeks first Denmark and then Austria. At the same time the idea of "science" acquired a growing prestige, and the words "scientific Government" were increasingly used for the kind of Government which was needed by the new conditions. It was possible, therefore, in 1870 to issue the Order in Council which threw open the whole of the administrative Civil Service, the whole of what came to be called Class I, to open competition; and that scheme was further developed in 1875 by the Playfair Commission, which made a system of competitive examination for the new pensionable appointments to Class II.

Now, so far we had merely made a change in the method of recruitment. We recruited the Civil Service in a way that was intended to produce intellectual initiative, but we had not yet thought out how that intellectual initiative was to be organized inside the Offices, and it is extraordinarily interesting to notice in the evidence before the Ridley Commission in 1885-1886, the gradual coming into Office after Office of a new

Public Administration

type of intellectual organization. Mr. Godfrey Lushington, for instance, from the Home Office, giving evidence before the Ridley Commission in 1886, says, "Mr. Waddington" (in his time, I believe, Mr. Waddington was Chief Permanent Secretary of the Home Office) "would not allow any human being to put a minute on paper except himself. He thought minuting was the exclusive function of the Under-Secretary of State. After his time, the power of minuting came to be given to the Senior Clerk, but even then only for the simpler papers. Now, in consequence mainly of the great increase of work in the Home Office, minuting is done by every one of the clerks of the Upper Division, and it is a great relief to the Office and it greatly adds to the interest which the clerks feel in their work." "The work of minuting," he says, "begins quite from the bottom." That was probably especially necessary in dealing with the complex and difficult problems which came before the Colonial Office, and Mr. Meade, of the Colonial Office, told the Ridley Commission, "Now the juniors are encouraged to deal with the most important work, and it is the only way we can get our work done, because we have reduced our numbers. In the old days the juniors were never allowed to touch the important work." In 1882, my friend, who is now Lord Olivier, became a clerk in the Colonial Office, and I used to see a good deal of him and his work. There was no organized afternoon tea at that time, but he and a few "Class I" friends owned a rather doubtful tin of condensed milk, a chipped tea-pot and a kettle, and I used to go in and have tea with them. I used to envy those men because, by the magnificent sympathy and initiative of the then Secretary of State for the Colonies, they were encouraged from the moment they entered the Office to study questions, to think out remedies, and to send *ab initio* their proposals up to the higher officials.

There was by that time beginning to be a general recognition of the need of what Lord Haldane has taught us to call "staff work," and even the need of some thought about those problems of administration which concern all departments instead of concerning only one department. Mr. Robert Lowe complained before the Playfair Commission of 1875, "The Treasury have a great deal of power in preventing people from doing things, but they have not much power in making them do things," and Sir Charles Trevelyan had proposed as early as 1855 that in order to get more creative initiative in the Treasury "the superior establishment of the Treasury should in future be constituted by appointing to it the ablest and best of the clerks of a certain standing in the establishments superintended or controlled by this Office." Some form of that proposal has been put forward by every Royal Commission, I think, that has sat upon the Civil Service, and I am delighted to hear, though I do not know the full details, that steps in that direction have already been taken.

Government

But no one suggested, no one then dreamed, that second division clerks should think. The second division clerk was not there to think, but to copy, to run about with papers, to add up figures. What could he do with any thoughts if he happened to think them? And when it was proposed before the Ridley Commission in 1886 that the examination of the second division clerks by competition should be a trifle less stupid, the Ridley Commissioners themselves reported "that the character of the examination should not be raised, as it appears now to afford a sufficient test of a good commercial education," commercial education then meaning an education which does not either encourage or permit or enable people to think.

Half the members of any nation belong to the female sex, and during the period corresponding to the introduction of the Order in Council and the Playfair and Ridley Commissions of the '70's and '80's, women by a series of accidents began to leak into the Civil Service. When a Postmaster-General tried to organize the country Post Offices, it was sometimes difficult to prevent the postmaster's daughter from helping with the work. When we took over the telegraph system from the railways, it was found that many of the best telegraph officials were women. They were there, they were a surprising phenomenon, and in both of those Commissions they were treated with that sort of humour which is considered appropriate to the subject. Mr. Scudamore, who was the permanent head of the Post Office, told the Playfair Commission, with regard to the Clearing House check work, which happened to be done largely by women in the Post Office, "The work, which consists chiefly of faultfinding, is well within the capacity of the female staff, and has been performed by them in a very satisfactory manner." To the male clerk the presence of women seemed to be so unnatural as to be wicked, and a deputation of male clerks in the Savings Bank Department came before the Playfair Commission and said that women cannot keep accounts, "women cannot pull about heavy ledgers." The notion that the weight of the ledger should fit the clerk, and not the clerk the weight of the ledger, had not yet penetrated into the Civil Service.

Women came in in much larger numbers when the typewriting machine was invented in America and brought over here; and, at the Ridley Commission, Sir Algernon West, who had been in America and seen typewriting, and who had introduced it into his own department, spoke with real enthusiasm of the female typists. He said, "They are accurate, they are quick, they are cheap, and there is no superannuation. They come to us," he said, "fully qualified, and their wages are 17s. to 23s. a week." A very few women also came into the Service as we developed the Poor Law and Educational system, as inspectors, for instance, of women's and children's homes, but practically that was the position of women in 1912.

Public Administration

At the same time, by another series of accidents, Boy Clerks began to appear, and the Playfair Commission in 1875 reported that the employment of Boy Clerks is "both desirable and economical." "A very ordinary boy is shown by experience," say the Playfair Commissioners, "early in his career to do more than half a man's work, while he can be got for less than half a man's wages, and the best boys will do more than an average man's work." The best boys and the worst were dismissed at about 18 into a world in which they were not encouraged to think about anything except getting a crust of bread.

While the Government departments in London were in constant contact with the work that was being done in education, in health, in poor relief, and so on, throughout the country, there was well into the twentieth century no efficient system of intercommunication of ideas between central and local administration. A man who, if he had not been killed in the war, would have been one of the most brilliant Civil Servants ever known, Mr. Hugh Sidgwick, when he went into the Education Office, had a friend who was Inspector of Schools, and the friend offered to show him round some of the schools which he would have to deal with afterwards on paper. Sidgwick asked leave of his official superior to spend part of his vacation in so doing, and was refused, on the ground that such a proposal was inconsistent with that measure of decent separation which should divide the administrator from the person who does the work.

In the years which followed the Ridley Commission there was also a rapid increase in the numbers of professional experts, doctors, architects, accountants, and particularly lawyers, who were appointed in a haphazard way, with no attempt to co-ordinate their work or their position or their method of appointment and promotion with those of the officials who entered by competitive examinations.

Then, after 26 years, in 1912—the Ridley Commission reported in 1886—there came the Macdonnell Commission. That Commission—of which Miss Haldane and I were members—tried to give the examinations some connection with the national educational system, to bring it about that the State which taught the boys and girls whom they afterwards employed should have some regard to the stage of education they were likely to have reached in fixing the age of examination and the subjects in which they were to be examined. The Commission was absolutely unanimous in condemning the "blind alley" arrangement of the Boy Clerk, and the Boy Clerk in that sense disappeared, I think for all time. We had moments of strain and anxiety on the question of the intellectual initiative of women. It used to turn on the question, "Is a typewriter a machine or a human being?" and that problem produced, I remember, an occasion when our Chairman went out of the room hurriedly, and we had to send a Bishop after him to

Government

fetch him back. But I think that woman in the Civil Service owes something of her position to our labours. We also tried to introduce some system into the method of appointing the professional expert, and his relation to the rest of the office.

It was not very long before the war broke out, and the war required every ounce of intellectual initiative which the whole Service could provide, and it may be counted to the Civil Service for righteousness that it was found to be possible for the Offices to expand as they expanded during the war by putting the existing officials to teach and direct the newcomers.

Since the war, the sense of danger in the air has grown more menacing. The kind of relation which we have built up after centuries of conflict and effort in England between Parliament and the Executive Government is on its trial. One has only to look round Europe to see how serious that trial now is. It is under those circumstances, under the post-war conditions, that a little group of Civil Servants got together and determined to form the Institute of Public Administration, which should be both the means of discussing the nature of their art among Civil Servants, and a means of providing the same help to the organized community in the way of ideas and authoritative experience which is provided by the learned Societies in other sciences.

What has the Institute done? In its discussions, in the friendships, the personal friendships, which have arisen with no relation whatever to official grades among its members, and in its admirable JOURNAL, it has, I hope, done something to advance the science of Public Administration. It has quite lately come into close contact with the Universities, and the Universities have, I think very wisely, thrown themselves with enthusiasm into the business of creating an Administrative Science. That connection had already shown itself to some degree before the Institute was made. When, in 1895, my friends Mr. Sidney Webb and Lord Haldane created the London School of Economics, we found that our best students were people who came to us from the Civil Service, very often only in their evenings, and that the men who, being Civil Servants and having a deep acquaintance with their work, co-operated with us in producing a series of books—in particular I think of Mr. Henry W. Macrosty and Sir Josiah Stamp—did, I think, show how much, even in what was then a very small Institution, could be done by the co-ordination of the intellectual work of a University with that of the Civil Service. Owing to the initiative of your Institute, practically every University has now come into the scheme, nearly every University has appointed a Lecturer or Professor of Public Administration, nearly every University in England is holding classes with special reference to the requirements of central and local officials.

One of the questions on which I was constantly engaged as a member

Public Administration

of the Macdonnell Commission was how you ought to prepare a clever young man who has been doing comparatively subordinate and routine work in the second division for promotion into the first division? My own experience in the University suggests that if you could set him to work upon a really stiff piece of intellectual creation, collecting facts and thinking constructively about them, you can try him out in that way, as we try out a thesis writer before giving him a higher degree. I remember that when Sir Herbert Samuel was Postmaster-General he and I tried an experiment by getting a University provided scholarship for a young second-division clerk so that he could go abroad and prepare a report on differential postal rates; and I remember asking Sir George Murray, at the Macdonnell Commission, whether it might not be possible to "second" a promising second-division clerk for a special inquiry of that kind, instead of merely shifting him at once from routine work to administrative work. I remember Sir George Murray, with all the eighteenth and nineteenth centuries behind his voice, saying, "I think it would be much better that he should do his work."

Another pet scheme of mine was that we should get rid of the deadening monotony, or lessen the deadening monotony, of much official work by a greater use of machines. When an engineer wants a copy of a drawing made, he does not now sit down and copy it with compasses, and so on, he puts it into a big cylinder where there is a great arc light and sensitive paper, and he gets a photograph in a moment. When I was on the Royal Commission we found that the question of what machines should be used in the office—the calculating machines or reproducing machines, produced by the elaborate and wonderful ingenuity of the American nation—depended on the report of a gentleman who was an expert in the wholesale price of paper. And I am not sure that the scheme which is constantly being proposed with regard to the transference of officials from one section in a Department, or even one Department, to another, as a means of creating intellectual stimulus has been carried out to the extent that was hoped by successive Royal Commissions.

On the Macdonnell Commission we spent nearly a year considering very carefully that part of the Civil Service which has to think not for our nation only but for the world—the Foreign Office. We made certain suggestions to His Majesty's Ministers, but there was one suggestion of my own that I tried in vain to get my fellow-commissioners to support. I said, I remember, that we had Naval Attachés in the various Embassies, we had Military Attachés, and we now had Commercial Attachés. All these people are permanent. Would it not be possible to have a few, at least temporary, Scientific Attachés? The Embassy might be the temporary home of a young man of science who had to report upon the progress of some particular science in the country he was visiting. We might have

Government

a temporary Educational Attaché, or a temporary Health Attaché, and we might bring the Embassies in that direction into closer contact with the work of intellectual co-operation which is directed from Paris and Geneva. It might even happen that among those temporary Attachés there would be one gentleman who would be out there to report on the development abroad of the science of Public Administration.

Borrowing by Local Authorities

By I. G. GIBBON, C.B.E., D.Sc.

I HAVE been asked to deal with some questions which arose out of the recent address on this subject given by Mr. Holden at a meeting of the Institute. Within a short space it will be possible to treat only of a few of the many matters which merit discussion; I may return to others at a later opportunity.

First, some brief particulars of borrowing by Local Authorities. The latest return (for March, 1925) showed that the outstanding debt of Local Authorities was then £865,000,000, against which there was £63,000,000 in sinking funds. Of this debt, in round figures 45 per cent. was for various trading undertakings, 25 per cent. for housing, 20 per cent. for basic services, such as highways, sewerage, and the like, leaving about 10 per cent. for personal services, education being far the largest. These figures need to be known in order to understand the significance of the debt. But this aspect of the question is not my subject at the present time.

Pay-as-you-go.

2. One refreshing indication of the larger amount of thought which is being devoted by Municipal Treasurers to the question of debt is the attention which is being paid to the pay-as-you-go policy, the provision out of revenue of moneys needed for expenditure of a capital character. It is significant that the subject is receiving equal attention in, for example, the United States.

The advocates of pay-as-you-go depend chiefly on two arguments—

- (1) That payment by loans means that in the aggregate very large sums are paid by the ratepayers over and above the actual cost of the works. Thus, if £100,000 be borrowed for 30 years at 5 per cent., the aggregate sum which has to be met before the loan is fully redeemed, amounts to £195,150, nearly twice the amount of the original loan. These arguments, with figures, are well developed in an article by Mr. Arthur Nettleton in the *Financial Circular* for January, 1927.

Total aggregate payment, however, is only a small part of the case; thus—

- (a) The old economists held that the less money that was taken out of the pockets of the tax- or rate-payer, the

Borrowing by Local Authorities

more profitable was it to the community, on the ground that it might be taken for granted that the money would be more fruitful if left at private disposal. This was far too simple a contention, too simple economically, because it by no means follows that private use is bound to be more profitable than public use (this quite apart from the relative efficiency of private and public service, and on the ground that there are some services, such as sewerage, that can be more profitably done on a general basis, and that means in practice on a public basis, than as a private venture), too simple socially, because the money will be taken by the public authority in small sums and spent for capital purposes whereas, left with the ratepayer, much of it at any rate would be spent in various ephemeral ways (which last contention raises the controversy as to the social advantage of thrift, not accepted by the present generation of economists as the obvious truism which it seemed to their predecessors).

The old "fructification" argument was mid-Victorian in sentiment and was admittedly narrow; but those who are inclined to dismiss it with a shrug may be a little short-sighted in their confidence. To consider the matter fully would need a long economic and social discussion. It is the less necessary because other reasons will be shown why any pay-as-you-go policy cannot at present have more than a limited application.

- (b) Some theorists are inclined to preach the pay-as-you-go policy to futile extremes. It is manifest that many of the great public improvements would not have been obtained except out of loan. Take some of the big water schemes, costing millions of pounds; as a matter of practical politics, paying for them largely out of loan is the only means of getting them, and the profit of getting them has yielded to the community a rich surplus of gain over and above the interest which has had to be paid. Many a good hunk of bread and cheese may be lost by crying for the moon.

- (2) A far more powerful argument is that of human nature. There is no gainsaying that, when money is expended out of revenue it is likely to be more carefully spent. Practical experience shows that 20s. paid out of loan may easily yield but 19s.; expended out of revenue it often stretches to 21s.

Public Administration

3. Turning to what is likely to be practicable in current administration—

- (1) Present ratepayers are already burdened with heavy payments for capital expenditure incurred in the past. Of the total rates, 3s., 4s., or even larger amounts in the pound may be a burden for debt charges—"burden," perhaps, is scarcely the right word, for the ratepayers usually enjoy a good return in the benefits from the capital expenditure. Ratepayers are not likely to shoulder the burden of the charges of debt incurred in the past, and at the same time to find out of revenue capital needed for improvements which will largely benefit posterity.

If municipalities were starting with a clean sheet, with no debt charges, it would be a prudent course to settle what is likely to be the average normal capital expenditure for a period of years ahead and to find each year's normal quota out of revenue, leaving only the abnormal capital expenditure of any year to be met out of loan; but the "clean sheet" is in Utopia—unless we should have to wade through such a catastrophe as that which hit Germany in the depreciation of the mark, when some municipalities are said to have been able to realize from some of their trading assets sufficient to pay off all their debt and to provide some surplus; few would consider the gain in such circumstances to be anything like worth the price.

- (2) It is, however, to-day possible in the case of some "capital" works approximately to equalize the needs of each year. The simplest instance is that of resurfacing roads, required about every five or seven years. With foresight and organization, it should usually be practicable to distribute this work so that about the same expenditure is required each year. This is now largely done, and the former practice of loans for this type of work has now been practically abandoned.

It would probably be found that the same practice could be applied more widely than at present to other classes of work. The system calls for more foresight and more organization; but an official knows not what abilities lie latent within him until he is put right up against the task. It should become a commonplace of local administration to budget ahead for a number of years for expenditure of a capital nature.

Some have suggested that Local Authorities should have power to provide for an equalization fund out of rates, the better to enable them to spread charges of this kind, but this raises special questions into which I will not enter here.

Borrowing by Local Authorities

- (3) Local Authorities can refrain, as many do, from seeking to meet small items of capital expenditure from loans.
- (4) A number of Local Authorities in the past have in fact adopted to a large extent the policy of paying for capital works out of revenue. The County Council of Durham is a conspicuous example; the County Accountant is an ardent advocate of the pay-as-you-go policy. An interesting discussion on the matter in its application to expenditure on schools took place in 1925 in the County Council of Nottingham, who followed the same practice.

Circumstances must largely determine practice. The present time is one of great financial stress in many quarters. Heavy debt burdens have to be borne, national and local, and posterity will benefit from the efforts. There has been a natural endeavour to seek any available means for lightening the strain. It is no good building a paradise for to-morrow unless we are sure of a livelihood for to-day. Days of storm excuse many makeshifts which security would condemn. By all means keep the wagon hitched to a star, but also keep an eye on the ruts by the way. While, therefore, it is well to see that good doctrine does not die from silence, practical timeliness is needed in its application.

There is one other matter to which reference may be made in this connection. The need of proper costing returns for efficient administration are becoming increasingly appreciated. To some, the provision of capital works out of revenue has appeared to be an obstacle to accurate and comparable returns. But any difficulty of this kind can be met by the necessary accounting provisions.

Loan Periods.

4. Closely connected with the foregoing subject is that of the periods for which loans should be sanctioned. Formerly the policy was more restrictive than now; the maximum period of a loan in the Public Health Act, 1848, for instance, was 30 years, as it is still in the Municipal Corporations Act of 1882; if a Corporation desires to obtain a longer period for a town hall, for instance, this can be done only through a Local Act or, possibly, a Provisional Order.

The Local Government Board were usually reluctant to go beyond 30 years. The whole subject was interestingly discussed in the report of the Select Committee on the Repayment of Loans by Local Authorities, issued in 1902, and it commended this conservative policy.

The practice appears to have been based partly on a theory that each generation should pay its own debts, a purely theoretical conception, because manifestly a generation in this case has no practical application, for ratepayers are a stream, not a pool. The policy was no doubt

Public Administration

influenced by the fact that payment for large public works out of loan was, until well into the last quarter of the nineteenth century, a comparatively new departure on a large scale—or rather the new departure was in the provision in large numbers of these large-scale and expensive public works.

Moreover, our grandfathers and fathers were doubtless influenced by experiences which we have forgotten or do not fully appreciate. Borrowing by local bodies had not always had a very happy history. The debts of the Turnpike Trusts are an unfortunate story. Administrators appear to have been impressed also with the probability of the growing needs of the future. They had seen new demands for capital expenditure developing with, to them, alarming rapidity. In prudence they felt that debts should be paid off with celerity, so that those who came after them should not be too crippled to bear the new burdens which were to be anticipated. And the present generation of ratepayers have reason to be grateful for their thriftiness.

It is still the general rule not to give a longer period than 60 years for loans. This is the limit in the general law except in a few cases where special circumstances, seemingly the need of encouraging a social service, has led to a more liberal limit—for instance, acquisition of land for housing or small holdings. With regard to Private Bills, the rules of the House of Commons provide that the Committee must report whether a Bill assigns a period exceeding 60 years, "which term the Committee shall not in any case allow to be exceeded," or other period disproportionate to the duration of the works. The result is that the Committee must make a special report to the House if a longer loan period than 60 years is granted in any case, and the assent of the House must be obtained.

It has, however, become not unusual to allow longer periods in the case of a big impounding scheme of water supply, where the expenditure is large—70 years has been allowed in some cases; 80 years was allowed to Manchester; in London, where a sum of from forty to fifty million pounds was paid for the purchase of the water undertakings, a wholly exceptional concession was made, a period of 100 years with the repayment to start only at the end of the first 20 years. Eighty years was also allowed in the recent Local Acts relating to the Mersey Tunnel.

5. In recent years there has been more tendency to regard the probable useful life of the works for which the loan is sanctioned. Three forces in particular may be mentioned in this connection :—

- (1) The rising level of rates, due to the expansion of local services, and now intensified by post-war conditions.
- (2) Local Authorities can always apply direct to Parliament for sanction to loans for new works. It is well known that in the

Borrowing by Local Authorities

past Parliament has tended to be more generous than Government Departments. It is not necessary to discuss how far this may be due to skilled advocacy, how far to absence of expert scrutiny, how far to more common-sense, how far to a willingness to judge of proposals from a more commercial standpoint. The gap is now much less.

- (3) It is probable that the extensive embarking of Local Authorities on trading enterprise has also played its part, for in such schemes there is naturally a much stronger tendency to judge of loan periods on commercial reasons than on grounds of general local government policy.

Other influences also have no doubt played their part—wider experience of public works (a strict policy was obviously prudent until there was a sufficient backing of facts tested by time); the existence of works on which debt had been paid off and of which the usefulness still continues (though there have been instances on the other side, as in tramways); possibly also the entrance of a larger commercial element into public life.

6. At the same time, there are strong grounds for the view that it would not be wise to determine loan periods on a purely commercial basis, and that broad grounds of local government politics (in the general, not in the party, sense) should be the leading factor. Thus—

- (1) It may be asked why a Local Authority should differ in these matters from an ordinary commercial concern, why, for instance, if a water company can have a permanent debt in the way of shares or debentures, a Local Authority should be required to pay off the capital cost of its works, even if it should adopt a policy of paying for renewals out of revenue. There are, however, cardinal differences. Public ventures cannot be carried on with the same margin of risk that is excusable, often commendable, in private enterprise.
- (2) The value of any public works for a district depends not simply upon the excellence of the works, but on the general prosperity of the district. The works may contribute materially to that prosperity, but in the main the latter will depend upon other independent factors. It is not prudent policy for a municipality to base its plans on naïve confidence that prosperity will continue on an even keel. It is less so now than ever, when conditions change so much more rapidly. All of which points to the prudence of conservative finance in capital repayment.
- (3) This consideration applies to all communities, none of which is immune from the slings of changing fortune. It applies in

Public Administration

added degree to those districts whose prosperity depends on a wasting asset, be it coal or transport, for it must be remembered that an asset may be wasting not simply because it is a drain on natural resources, but also if it depends on some local resources, the value of which may be radically altered by changing conditions, conditions which, for instance, replaced sail by steam, and now to some extent, to what ultimate degree none can yet tell, steam by oil. Even England is strewn by villages which were once prosperous towns.

- (4) Careful finance is the mother of cheap money. Local Authorities could not borrow nearly so cheaply were it not that lenders feel sure that such provision will be made for repayment that there is little fear of loss. A more venturesome, some might say a bolder, policy would have to pay more for money.
- (5) The Local Authority is a continuing community. It is a community which must expect new needs and new demands. Whether those who preceded us did, or did not, give too much weight to this contingency, it manifestly cannot be ignored. The Local Authority must lay its course, not just for this generation, but also for the generations to come, without, of course, unwise sacrifice of the present generation—even though the contradictions of human nature show that preservation and prosperity even of the present may oftener be won by taking care for the future than by a selfish absorption in the present. What is spent to-day must be tempered by what may be needed to-morrow.
- (6) Growing standards reinforce this consideration. Quite apart from improved technical provision which resulted, for instance, in the replacing of horse by electric trams, a demand may arise in the course of time, judging from past experience will surely arise, for higher standards in some services. The last half-century furnishes many examples—water supplies, sewage disposal, schools, and the like. It is necessary, therefore, always to take account of the risks of obsolescence in fixing loan periods.
- (7) It is clear from the foregoing that there are quite definite advantages in a prudent policy. The value of these advantages will depend partly on the price paid for them. Except for loans for very short periods, the expense is chiefly in the payment of interest. At 5 per cent. a loan of £100 for 30 years requires the payment of just over £6 10s. a year; for 40 years, £5 16s. 7d.; for 60 years, £5 5s. 8d.; for 80 years £5 2s. a year. It cannot be said, therefore, that the burden of systematic provision for repayment is overwhelming.

Borrowing by Local Authorities

The foregoing figures point another lesson—that the added burden for repaying in 40 years instead of even 60 years is not so great as to make it worth while running any serious risk by adopting the longer period, while the difference in this respect between 60- and 80-year periods is but slight. On the other hand, the aggregate payment, interest and capital, in 60 years as compared with 40 years is, of course, much more serious, for a loan of £100, £317 and £233 respectively.

7. Surveying the issue it will be seen that settling the principle on which the periods of loans are determined raises some big questions, some of them the same as those for ordinary commercial undertakings, some of them of a special nature which, whatever weight be given to them, must be considered. Without attempting any dogmatic conclusions, it may be said that—

- (1) Opinion to-day certainly requires that great weight shall be given to the period of the probable useful life of the works. In reckoning this, full account must be taken of the risk of obsolescence, whether from improved methods or higher standards and, as we can but very partially foresee the measure of this risk, it should not be put on a low scale.
- (2) Some account has to be taken of the probable demand of the community in future for new services, or for improved existing services, and, therefore, burdens should not be recklessly imposed on distant posterity.
- (3) Coupled with which is the fact that, on the whole, present administration is likely to be the more careful the larger the burden present ratepayers have to bear in respect of their own commitments. It is a prudent precept that one man should not be allowed to cast a burden on the shoulder of another, even though it be for his own good, unless he himself bears a goodly share of it.
- (4) The risks of the ups and downs of the community make it wise that any loan period should not be overlong, and that it should be below what might be granted if regard were paid only to the probable useful life of the work in itself. This risk is larger in some kinds of communities than in others, but exists in all of them.

All of which considerations point to the final conclusion that, while the probable useful life of the works should be the starting-point, this needs to be scaled down, by a liberal margin of safety, for the other considerations required of prudent administration.

What has been said is tied up to some extent with the method of repayment, but that raises another subject which requires separate treatment.

The Development of Municipal Finance in Scotland

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THE post-war era has been remarkable for the development of municipal effort in both its principal spheres. In the category of services maintained out of local rates activity has been marked by excursions into the realms of housing on a large scale, by phenomenal road development, and, mainly through the creation of new housing areas, by an extension of all the ordinary municipal services. On the other hand, in all the trading services, each of which, as is well known, is run on a commercial basis, rapid extensions have taken place. Electricity, the subject of much post-war legislation, has absorbed considerable capital. Transport has also claimed attention, and the remarkable progress made by the motor bus has in its turn created a problem which involves a new estimation of the probable economic life of its predecessor, the tramcar. Gas Undertakings, too, benefiting by the advancement of science, have improved and extended in many directions, particularly so in those of the manufacture of gas itself and of the appliances which serve the multifarious uses to which gas lighting, heating, and power may be put.

With phenomenal development in both spheres it is not at all difficult to account for the various signs on the post-war financial horizon, which, according to the minds of those who take note of them, portend for some the decline and for others the rise of Great Britain as a world force. These signs, however, must be noted by any thinking financier and economist who wishes to further the science of administration. Among them may be mentioned the increase in municipal indebtedness coupled with a high level of local rates. All development, however, connotes expenditure both on capital and ordinary account. In its turn expenditure connotes revenue. A municipality borrows money to provide its revenue on capital account, redeeming by annual payments from the ordinary account. Now, while borrowing is common to all municipal departments, rating and trading alike, for its capital purposes, there is no such common source of revenue when the Ordinary Account is considered. The Revenue

Municipal Finance in Scotland

on Ordinary Account consists, for services maintained out of rates, largely of these rates themselves, supplemented by material grants-in-aid from the State, while the Trading Departments finance themselves by direct charges upon the various consumers for the commodities and services provided.

With this introduction the trend of municipal financial administration may be examined and that primarily from a Scottish point of view. Any student who reviews administration in this country must be struck by the varying sizes of local Government areas. This is particularly the case when the Burghs of Scotland are considered. From Glasgow with its population of over 1,100,000 and acreage of over 29,500 acres down to, say, Aberchirder with a population of under 1,000 and an area of 40 acres seems a far cry, and an administrator would at once agree that what is good for the large area is not necessarily advantageous for the small. Accordingly, he would expect to find the larger burghs treated in a different fashion from their smaller brethren. This, in fact, does happen, but only to any considerable extent as regards the large burghs of Edinburgh, Glasgow, Aberdeen, Dundee, Greenock, and, perhaps, Paisley and Perth. These burghs develop along local lines; they have their own local Acts, which are constantly being passed to further this or that new scheme of development. As a result it seems true to say that marked progress in financial administration has been made by the larger local authorities. Examples are numerous, but the creation of a Consolidated Loans Fund whereby all the borrowing transactions of the municipality are centred in one account is the most marked development of Scottish Municipal Finance, in that it has encouraged municipal corporations over the border to develop along similar lines.

It is not possible, however, for those corporations immediately succeeding those at the top of the scale to develop in the same way. Local legislation is costly to obtain, and, accordingly, the burghs of medium size must wait for general legislation or for the regulations of a Department of State which will have general application.

It is seriously suggested that the existence of very small burghs constitutes under present conditions a hindrance to municipal financial development. In many instances no progress can be made because the small burgh must be considered. To take a practical example—the larger Burghs compile Annual Abstracts of their Accounts which show the true revenue and the true expenditure for each year, that is to say, there is included as revenue all debts due and owing to the Corporation as at the close of the year, and expenditure including all sums due by the Corporation at the same date, even though not paid. By this means a true state of affairs is revealed, a condition of things which is exceedingly desirable in public finance. Now, the medium-sized burghs and the smaller ones compile their Accounts on a receipts and payments basis,

Public Administration

only what is actually received and what is actually paid being included in the Accounts. Such a state of affairs does not seriously matter in a small burgh where everything is generally known, but in the areas of middle size it is leaving too much to chance to proceed on such lines. The reason for not prescribing a revenue and expenditure system for the smaller burgh is simply that the administration is in general not sufficiently knowledgeable to prepare accounts on a revenue and expenditure basis. Accordingly, it would seem that the problem of burgh areas is one which must be solved before any marked general advance in Scottish municipal finance is made. The solution can be achieved in various ways, the most obvious one of which is to merge the administration of the smaller burgh in that of the county and leave as burgh units those towns with populations of, say, 10,000 and over. On the other hand, there is no actual need for the extermination of the small burghs with their long history. It may be too much to ask, but in cases where improved financial methods requiring parliamentary sanction would confer benefits on Scottish burghs with a minimum population, cannot the Central Department initiate, through its ministerial representative, legislation which, though not general in effect, would apply in appropriate cases? It is along some such line that development may come where legislation is the difficulty. On the other hand, where progress can be made a subject of regulation by the State Department, it does not seem insuperably difficult to ensure the issue of regulations suitable, in the one case, to the smaller burgh, and in the other, to the middle-sized. Precedental, then, to further marked general development, is the question of the treatment to be meted out to the various classes of burgh, and the subject has only been introduced at length because of its importance from the administrative standpoint.

If it is possible to eliminate consideration of the smaller burgh from this inquiry, what lines of development are we likely to see in municipal finance? The question is not easy to answer in general terms, for many avenues of development reveal themselves. That of borrowing, however, is not without interest. The fact that the debt of Scottish local authorities has increased from nearly Sixty-seven millions in 1914 to over One hundred millions to-day is arresting enough in itself to demand attention from the administrator who has to tackle practically the raising of money for his authority. Now, as has already been indicated, the most advanced of our Scottish municipalities have already achieved "Centralized or Pooled" borrowing. Briefly, this may be described as the result of viewing all the activities of a Town Council as one, so that instead of borrowing separately for each Rate Account or Trading Undertaking, each having a separate security, borrowing is indulged in for the Corporation as a whole and not for any particular purpose. Lenders get a common security, that of the whole rates and revenues of

Municipal Finance in Scotland

the Corporation, and monies received from them are paid into a Common Fund, which, in its turn, leads to the various accounts of the Corporation being charged a rate of interest which is arrived at by averaging the whole of the interest paid by the Common Fund over the whole of the loans made from it. The scheme is simple in practice and could readily be extended a certain distance down the scale of burghs. At present only local Act powers have been granted, with the result that many burghs which could make good use of the power do not have it.

A Loans Fund—as it is called—has a very important feature in that it focusses the financial officer's mind at once upon the total debt of the Corporation. He analyses it when he knows the total and takes comfort, perhaps, in the fact that his "Productive" debt—that on Commercial Undertakings—far exceeds his "Unproductive" debt on rating account. It is such an analysis, helped perhaps by comparison, which, in recent days, has impressed thinking minds in the sphere of municipal finance, and has led to the development of another idea, whose future will be watched with interest. This idea may be referred to as "Pay-as-you-go." The advocates of this policy lay no great stress on its desirability as far as Trading Undertakings are concerned: nor is the policy to be applied to Housing; but apart from such undertakings the desirability of transferring from a borrowing programme to one of paying each year out of rates for the capital expenditure of that year, was vigorously championed at the last annual meeting of the Institute of Municipal Treasurers and Accountants.

The merits of such a policy, as far as cost is concerned, are that interest charges are avoided and over a period of years much less money is taken out of the pockets of the ratepayers. Edinburgh may be taken as an example in illustrating the general position. The existing unliquidated Town Council debt on Rating Account (excluding Housing) may be stated at just under One million and a half pounds. The annual capital charges amount to over One hundred and fifty thousand pounds. During the whole of the years from 1890 to 1927 the annual capital expenditure responsible for the debt charges referred to has never exceeded One hundred and fifty thousand. Indeed, the peak is round about One hundred and thirty thousand with the average just under Ninety thousand. Accordingly, say the advocates of "Pay-as-you-go," if there had been no borrowing the average annual charge on rates would have been Ninety thousand, and would not have reached One hundred and fifty thousand as it is at present. The statement is quite true, but the difficulty lies in the fact that borrowing has already been resorted to and that to effect the transition from borrowing to payment at once would mean that for some years, at least, there would need to be a charge on the rates, not only for, say, an average on Ninety thousand pounds of capital expenditure, but also for the gradually decreasing burden of

Public Administration

existing capital charges, which in Edinburgh drop to less than one half of the present One hundred and fifty thousand in fifteen years.

There are a good many arguments against the proposal, but even the most determined opponent would not say that it should not be applied by degrees. In practice it will be found, it is thought, that municipal financiers will give the matter increasing attention. They will probably advise their Finance Committees to pay as much as possible out of the revenue of the year in respect of what is ordinarily termed Capital Expenditure. What "as much as possible" will amount to cannot be stated in a general formula, but regard will be had to the rate burden, present and prospective, in laying down any considered scheme. If times of local prosperity are taken advantage of the gradual development of a "paying-as-you-go" policy may be readily visualized. Borrowing, however, will still continue: the Trading Undertakings of a municipality absorb too much money annually for capital purposes for this to be conveniently met out of revenue. As regards borrowing generally it is desirable that further developments should take place.

The Consolidated Loans Fund, as was indicated, centralized borrowing, with the result that large-scale operation ensured economy in interest charges, but local Borrowing still calls for further centralization. At present Town and Parish Councils¹ and Education Authorities each possess borrowing powers. In Edinburgh co-operation is voluntarily operating whereby the municipality supplies most of the needs of its sister authorities and open market competition is avoided. This seems to be along the lines of scientific development in administration, but in few burgh areas is it found that such voluntary co-operation exists. The desirability of further development in this direction is apparent. It may be that through the delimitation of wider borrowing areas as well as through local co-operation, progress can be achieved, and in any consideration of the problem the possibility of borrowing only through the Public Works Loans Board for the needs of the smaller local authorities should not be left out of account. That a case exists for careful investigation of municipal borrowing, the appropriate areas and methods, is a fact which is well known to all municipal financial officers.

Another source of development in municipal finance may be found in the methods employed to ensure that a reasonable control of spending is in force. At present Town Councils generally frame what is known as a Budget. This budget is an estimate of revenue and expenditure for a given year and forms the basis of the Council's operations. In most cases the budget in form follows closely that of the Annual Abstract of Accounts which has to be prepared by the municipality in terms of the Town Councils (Scotland) Act, 1900. This form of Accounts—apart from what was said at the beginning of this paper—leaves much to be desired

¹ I.e. the poor law authorities in Scotland.

Municipal Finance in Scotland

in that it is not designed to give the information necessary for adequate financial control. The consideration of one branch of municipal activity will make this clear. There is, for example, an Account which purports to show the sums expended in keeping the streets well lighted. Briefly the heads of expense are :

Electric Lighting—

Electricity Supply Department, for Arc and Incandescent Lamps.
Electricity Supply Department, Renewals, Repairs, etc.

Gas Lighting—

Wages, Lamplighters.
Gas for Public Lamps.
Rent, Lamp Room.
Taxes and Insurance.
Gas Supply Department, Taking down Lamp Pillars, etc.
New Lamps and Repairs.
Painting Lamp Pillars, etc.
New Ladders and Repairs.
Mantles and Burners.
Contribution, National Insurance.
Contribution, Accident Insurance Fund.
Miscellaneous Expenses.

Loan Charges—

Paid to Sinking Fund.
Interest.

So far as they go these meet the purpose, but from a budgetary standpoint they leave much to be desired. What the spending Committee really want to know broadly is :

- (a) The estimated cost of the lighting system as it exists at the time of the preparation of the budget and that before any extensions or improvements ;
- (b) The estimated cost of improvements, e.g. the raising of existing 500-KW. lamps to 1,000-KW. ; and
- (c) The estimated cost of extensions to the system.

With these facts before them they can determine whether they will face the Finance Committee with suggestions for any improvements or extensions, and, if they do, the Finance Committee of the Town Council will have data enough to enable them to agree to the proposals or to suggest modifications. This example can be multiplied, but what we are concerned with is the principle that the form of budget should be similar in every way to the form of annual accounts, and that both forms must be so constructed as to furnish such information as will suggest avenues of exploration to the minds of the members of Committees who are interested in careful and economical spending.

Such a desirable result can only be achieved by a careful review of

Public Administration

existing methods and the general adoption of adequate costing systems interlocking with the financial accounts, a development which cannot take place satisfactorily while accounts are kept on a receipts and payments basis. The Scottish Burghs cannot remain at the stage which in point of time is signified by the year 1900. Nor can they afford to be behind England in their financial development, and it is suggested that budgetary methods and their relationship to a careful adjustment of the spending power of the community must receive attention if burgh financial development is to proceed along proper lines. A comparison of the preceding year's detailed costs with the detailed budget estimate forms in times of stable prices one of the best ways for ensuring an adequate check on expenditure.

Another direction in which development can usefully take place is to be found in the field of comparative municipal financial statistics. All municipal financial officers are asked by their Committees at some time or another to give data regarding, say, the rates in their city as compared with others. This is done generally by giving the "crude" figures: for example, the rates in Edinburgh are 8s. 10d. per £1, in Glasgow 14s. 1d. Such comparisons are most fallacious, depending as they do upon various factors which are not apparent on the surface. Some of such factors may be briefly indicated to show the complexity of the problem. First of all, one area may be providing communal services which the other meets by individual effort. Then, as rates per £1 depend upon the valuation placed upon lands and heritages it may be that there is a higher level of valuation for the same class of heritages prevailing in one area compared with another.

These two factors are pretty obvious, and it has been suggested that the rate-pressure per head of population provides a more correct comparative standard. This is exceedingly doubtful, however, for the character of the populations in two given areas may be essentially different. One area may be residential, in which case it can be taken that the ratepayers in that area cannot pass on their rate-burden in the way in which a shifting can be effected in an industrial area in normal circumstances.

The only value which can be got from a comparison of "crude" figures is that by following the movement of these over a series of years the trend of spending in two or more particular areas may—presuming, for example, that the areas have not changed in size during the period of comparison—be revealed to the inquiring mind. "Crude" figures are not desirable indicators of relative efficiency, and municipal development along the road of comparative statistics will proceed rather in detailed examination. In comparing, say, the detailed costs of running the Cleansing Departments in various areas, reasons for disparity will gradually emerge—configuration and size of the area being possible

Municipal Finance in Scotland

explanations—but when expected differences such as these are allowed for, relative efficiency may be perhaps determined. Municipal financial development in the field of comparative statistics consists in avoiding “crude” figures based on a total, and will depend upon an analysis of each service along lines to be determined only after exhaustive and patient trial.

The problem of a source of revenue for local authorities other than the local rates also calls for consideration. If it is possible to get an additional source of revenue for local authorities in which the State will have no interest and where, say, luxury would be the basis of taxation, then a rapid advance can be made in Local Government generally. Debts could be paid off more quickly, improvements of services undertaken and efficiency raised. At present this cannot be done because of what has been appropriately called the “Ratepayer’s psychology.” It is this which, to a large extent, results in the spasmodic efforts which often characterize the work of local authorities. Periods of great, indeed, over activity, are followed by reactions which are neither good for the area nor for the local Government officials. A steady continuity at an average intensity is required, if economical staffing and good work are to be attained. This, however, can only be done by securing for local authorities an additional source of revenue unconnected with lands and heritages.

Such are some of the numerous financial problems which await consideration and solution. There are many others, the relationship of the imperial and local exchequers, and the liability of local authorities to Income Tax being examples which come readily to mind. Indeed, the whole question of municipal financial development is of such importance that in order to forward administrative development I am impelled to put forward a practical suggestion. Much may be done by co-operation between the Central Departments and the local authorities. Much has been done, but so far as financial development is concerned the co-operation has only been fitful. Permanent co-operation between central and local administration is essential to progress and, accordingly, it seems that the suggestion of the creation of a permanent Consultative Council to deal with local government financial problems in Scotland needs no apology from a local government administrator engaged in grappling almost continuously with local problems which really have a general application. If the “end” of the science of administration is to be achieved the “means” to further the “end” must exist, and such a Council would help very largely towards improvements in the desired direction.

Legislative Powers of Public Authorities

By HAROLD POTTER, LL.B.

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[A paper read before the West Midlands Group of the Institute of Public Administration]

IT would ill become me before an assembly so accustomed in their daily round to dealing with the legislative powers of different authorities, to embark upon any sort of enumeration or statement of practical working. To do so would doubtless expose not only my folly, but also my ignorance. I therefore propose, not without some trepidation, to place before you to-night some considerations upon the generalities of delegated legislation and upon its exercise by different classes of bodies in this Empire. I hasten to add that where these considerations are a matter of opinion no expression is to be construed as my own, but rather as a debatable point upon which those who have experience may more fitly offer a decision.

In these circumstances, perhaps, I may be forgiven if I adopt the geometrician's system of offering two axioms before statement of my premises. First, in the words of de Lolme, "Parliament may do anything but make a man a woman." There is no legal limit to the legislative authority of the Imperial Parliament or to the powers that it can give or take away.

Secondly, the utmost delegation which has been granted has not permitted any interference by the delegated legislature with provisions of the Imperial Parliament which are applicable to the locality in which the delegated legislature functions: Colonial Laws Validity Act, 1865.

At this point it may be wise to point out two sources of error in law, though in politics it is doubted whether the facts are sufficiently important.

There are certain powers exercised by the Crown in Council that have never been conferred by statutory authority, but are the result of the existence of the Common Law anterior to the supremacy of Parliament. It is true that since the *Case of Proclamations*, the Crown cannot make any new law, except perhaps within certain limits, when a war is raging or there is imminent fear of invasion, in this country or any part of the British Empire save that acquired by conquest where no legislature has been conferred upon it. Yet for such Colonies or Protectorates

Legislative Powers of Public Authorities

and similar spheres of influence not technically part of the Empire, the Crown can by Order in Council legislate. These matters are hardly of interest to this Institute, since they concern political servants of the Crown rather than that body known generally as His Majesty's Civil Service.

Secondly, it has been decided that the legislatures of Colonies are not properly said to be delegates of the Imperial Parliament, but are unrestricted within their locally limited area (*Powell v. Apollo Candle Company, Ltd.* (1885), 10 App. Cas. 282). Though it must be admitted that the Imperial Parliament could in theory insert in the grant of any Colonial Legislature, or by an amending Act make, any restriction of powers that it desired. At the same time, it would hardly be proper to omit a reference to the memorandum of the recent Imperial Conference, which declares that the Dominions are autonomous bodies forming part of a confederation known as the British Empire.

I have made an apparent deviation so far from my course, because it is my intention to draw certain comparisons in connection with the considerations that it is proposed to lay before you, and it is well, therefore, to realize that the powers exercised by our Colonial public authorities, while having something in common with our system of local government, yet differ much in their recognized legal status. It is suggested that this may be due in no small degree to the absence of any real representation in our Imperial Parliament of those parts of the Empire enjoying what is called self-government, and in this connection reference may be made to the withdrawal of Irish M.P.'s from the House of Commons on the creation of the Irish Free State.¹

It is now necessary briefly to review the forms of legislation employed by public authorities in this country.² It would be possible to divide public authorities into three branches, the Civil Service, the Local Government Service, and those great utility corporations such as Railways who, by virtue of their semi-public function, have power to make certain bye-laws to which legal penalties attach, but it may be convenient to disregard the last.

Government Departments legislate principally in one of three ways, namely, Departmental Orders, Orders in Council, and Provisional Orders. Briefly these three methods represent three degrees of control exercised by Parliament. The first is purely a departmental matter, with which interference can only be made by means of some sort of judicial proceedings or a withdrawal by the Imperial Parliament of its delegation. It is becoming increasingly common, and generally is represented by some wide legislation which leaves the whole detailed working to be provided

¹ Of course, Northern Ireland is still represented.

² For a consideration of these forms and the reasons for their existence from a different angle, see Stamp, "Devolution of Legislative Functions," *Public Administration*, Vol. II, p. 23.

Public Administration

for by means of regulations to be issued by the Department in whose charge the administration is put. In the ordinary sphere this will normally be such a Department as the Ministry of Health or the Board of Trade, though a lawyer might more naturally think of the Rules of the Supreme Court or the Land Registry Rules. Many of such regulations would concern merely the machinery of administration, but the bulk which need concern our attention are those that affect the outside public, whose interests are within the province of the Department.

Orders in Council are made under the authority of the King in Council, but in effect this means little more than an added dignity of form. They are, in fact, drafted by the Department concerned, and are passed by the Council without discussion at the Council Board. At the same time, since it is usual that several of the most important political heads will be present at the meeting at which an Order is passed, it is more likely that such an order will be considered by others responsible for the administration of the country. To what extent this form of supervision of departmental legislation may be effective must vary with governments and individuals, but, of course, in any discussion of governmental function the human element must remain the unknown factor. In this connection, however, it may be well to point out that the familiar form of an Order in Council (Present the King's Most Excellent Majesty in Council) has the disadvantage that the glare of publicity is not upon those who took real part.

Provisional Orders differ from the two preceding methods of legislation in that they are required to be incorporated in a Provisional Orders Bill and ratified by Parliament before they can become effective. In this connection it is, of course, open to members of the Houses to read any Order and object to its inclusion, and so control might be efficient. Sir John Marriott (*Mechanism of the Modern State*, Vol. I, p. 522) gives the interesting figures that of the 1206 Provisional Orders laid before Parliament between 1902 and 1924, only fourteen have been rejected and twelve withdrawn. Both the volume of this form of legislation and its success in passing the Imperial Legislature is instructive.

Local Authorities may frequently have resort to Orders in Council, and perhaps even more frequently to Provisional Orders passed through a Government Department; a practice becoming increasingly common, it is believed, as a substitute for Private Bill legislation. They have, however, beyond these methods that of passing bye-laws. Under the Municipal Corporations Act, 1882, s. 23 (which by other legislative provisions governs the power in local government authorities generally), there is a power to make bye-laws "for the good rule and government" of the district, "and for the prevention and suppression of nuisances not already punishable by any Act in force throughout the district." It should be noticed at once that these bye-laws are in character penal,

Legislative Powers of Public Authorities

that is to say, they take the character of laws punishable by fine (generally not to exceed £5), and recoverable before a Court of Summary Jurisdiction. Furthermore, such a Court may declare them invalid either on the ground of "unreasonableness" or "uncertainty" (*Kruse v. Johnson* (1898), 2 Q. B. 91); or, because they exceed the power of the Council making them as taking effect outside their district or because their purpose is more extensive than that above defined. Not only is their power thus limited, but also all bye-laws other than those affecting the prevention of nuisances must be submitted to the Home Office for sanction, and that Department may disallow them. Sir Edward Troup (Home Office, p. 224) has an instructive passage in which he says: "At one time so many bye-laws had been rejected on one or other of these grounds (i.e. the grounds stated above) that Borough Authorities almost ceased to make them; but, after the Home Office undertook the examination of all draft bye-laws submitted to it, and refused to pass any which appeared to be open to exception, bye-laws regained their reputation, and there is now a list of 'model bye-laws' dealing with such subjects as street music, street cries, street obstructions, etc., which can be adopted in any locality where they are needed and which have so far stood the scrutiny of the courts." From this it will emerge that since Provisional Orders and Bye-laws are the two principal forms of local government legislation, it is, in fact, subject not only to somewhat narrow limits, but also in effect to the censorship of a Government Department. Indeed it would appear that the Government Departments largely provide optional legislation that the local authority may elect to apply similar in character to those Adoptive Acts, which have become a practice of Imperial Legislation, both for colonies and for local government bodies.

The difference, due largely to the fact that local taxation is dependent purely upon occupation of land, which exists between the local government and Parliamentary franchise, may afford some excuse for this very apparent control by the central executive. At the same time nothing is more instructive than a comparison between the powers of the Dominion Government of, say, Newfoundland, which, though much larger in area, has a quarter of the population of Birmingham. Distance from the sphere of the operations of the Imperial Parliament and consequent unfamiliarity with local conditions, and comparative difficulty with which inhabitants of different localities can pass into the district, have combined with tradition to treat parts of the Empire numerically of small importance as capable of acts of statesmanship denied to the most influential of our cities and local authorities drawing as they could upon some of the best trained minds in the country. How this has reacted upon the supply of those local representatives who have to give their services in the administration of their district, be it shire or borough, it would ill become me to consider in this place, and might cast reflection

Public Administration

upon many eminent men and valuable services rendered, but here is food for thought. The point that must here be made is that where fundamentals are reached, a local authority is little more than an administration, sometimes sufficiently complex, whereby local feeling may be tested by representatives, and put into effect by officials acquainted with local conditions. It is not, as is frequently claimed for it, local self-government.

In making this generality a reservation must be made that the authority may apply for a private Act. The promotion of such an Act if successful could, of course, override any Departmental Authority, but what prospects of success would exist for legislation promoted in the teeth, as it were, of a head of a Department forming part of the Government of the day, I leave to your imagination.

No doubt the stark reality of the position does not in its operation have quite the effect indicated above, and at least in the larger and more important authorities control by the central authorities is less felt, but in considering the scope of legislative powers of public authorities one is driven to admit that the question is virtually one of Departmental legislation aided in some cases by the expression of local representative opinion. This leaves entirely open the question whether a professedly Imperial Parliament should create in these isles local Parliaments for the management of purely local matters; a subject fraught with many problems and not a few difficulties.

Turning, then, to the legislation effected by virtue of these Forms, it is possible to perceive that it may operate in a variety of ways. First, it may operate by way of amendment, even of the Act which created it. For example, in the Companies Act, 1908, is provision for rules of the Board of Trade amending certain Tables and Forms. The disadvantages of this system arising from the difficulty of applying the rule that "ignorance is no defence" on the fallacious ground that "every man knows the law" will be dealt with hereafter. In this class of case, however, more than any other, it is most easy to lose sight of the fact that the statute has ceased to operate though no Act of Parliament has repealed it.

Again, such legislation may be supplementary to the provisions of the Act. For example, under the Trade Boards Act, 1909, originally only four trades were within its scope, though these could be and have been increased. An even more extensive example is that of the Seeds Act, 1920, which specified no seeds at all, but left this entirely to departmental legislation. Perhaps the widest and most elastic form of this legislation is seen in the *creative* form which appears in such a statute as the Roads Act, 1920, which provided that the Minister of Transport should make general regulations for carrying it into effect.

In effect these regulations may have three purposes, one is to repeal enactments which have been found by the officials in practice to be incap-

Legislative Powers of Public Authorities

able of fulfilling their function and replace them with something more workable. Another is to apply them to circumstances not contemplated at the commencement of the Act either because the Act was experimental in character or because the facts had not arisen or been considered in connection with this piece of legislation. Thirdly, the statute may leave to the Department concerned all the questions to be decided in putting a general principle into operation, and consequent provisions to this end.

The last of these three involves perhaps the widest discretion to the authority, and Carr in his *Delegated Legislation* suggests of a statute on these lines; "Across it there might be stamped: 'For particulars see Small Handbills.'" The man in the street will be more concerned to know the contents of the "Handbills" than the statute giving them effect. Such legislation may be of great importance as, for example, a lawyer has greater necessity perhaps to know the contents of the Rules of the Supreme Court than the provisions of the Judicature Act under which they are made.

The excuse for the existence of this state of affairs may be made by saying that though Parliament controls taxation it does not govern the country. Its function is to control the administration by preventive rather than by direct action.¹ A moment's reflection will show that in a less degree this applies in local government.

To ensure that representative government should yet play a part in determining the policy and action of the authorities set to administer the affairs of the community requires some safeguards.² Manifestly the first of these lies in the fact that with comparatively small exceptions, which do not now concern us, no powers of legislation can be exercised but such as have been conferred at some time or another by Parliament.

To this check may be added the following. In the first place, it is not unusual to insert a provision that if particular interests are to be specially affected the legislating body must consult those who control them before taking action. This may be illustrated from the Trade Boards Act, requiring consultation before extension. Clearly, this safeguard is highly desirable and perhaps might be more used than it is. Not only will it operate to prevent the official mind reaching conclusions unjustified by facts, if indeed it ever does so, but it would enable those concerned to bring the matter before higher authority, if their views are not met, before action is definitely taken. It is accepted that prevention is not only better but easier than cure.

Secondly, there is the safeguard of publicity. It is sometimes said

¹ The really administrative function of this type of legislation is emphasized in Gwyer on "Powers of Public Departments," *Public Administration*, Vol. V, p. 406.

² This subject has been treated in a most illuminating fashion in the article entitled "The Growth of Administration," by Prof. Laski in *Public Administration*, Vol. I, p. 92; and see also Gibbon's "Powers of Public Departments," *Public Administration*, Vol. V, p. 399.

Public Administration

that the public officials of this country regard the public, and more particularly that part of the public that interests itself in their actions otherwise than in blind obedience with simple faith, as an unmitigated nuisance. This may be a gross defamation of an admirable body of men, but the fact remains that it required an Act, so recent as the Publication of Rules Act, 1890, to render easily accessible to the general public the different rules and orders, which form so large a bulk of our modern legislation. Quite apart from its necessity to give some semblance of reality to the legal myth that every man knows the law, this publicity has the advantage that he who runs may read, and any abuse of the power of legislation may be taken up by a periodical or periodicals or other form of literature that carries forward the torch of British Liberty. The history of the publication of Parliamentary Debates is too well known to permit of doubt on the salutary effects of publicity.

Thirdly, there is the fact that the authority which gave the power to legislate may revoke it at any time or amend or annul any exercise of it. This, however, is the last resort which will be made with reluctance, save perhaps where a new Ministry appears upon the scene.

Fourthly, there is the control of the Law Courts. When all is said, these safeguards amount to little more than such political control as the public may exercise through Parliament, unless indeed the legislation exceeds the powers delegated. Here is an insidious temptation to the Departments. If they exceed their powers they may be called to account before the Courts of Law, subject always to those many privileges, which a civil servant may enjoy behind such procedure as that of Petition of Right or other of the "garland of prerogatives" which hedge around our Executive. However, such proceedings can be sufficiently effective in many cases, particularly of course when a tort is involved (*Raleigh v. Goschen*, [1898] 1 Ch. 73), and it is possible to sue an individual personally. It is not therefore surprising to find a tendency, which I for one can only regard as dangerous and wrong in principle, of incorporating into statutes conferring legislative powers provisions enabling the official to interpret them as well.¹ These provisions may take two forms, in one of which there is an appeal to the Courts from the decision of the official, and the other in which there is no such appeal. The former is doubtless designed to save expense in unnecessary litigation. Whether this expense is in fact saved, or whether it is even more expensive owing to the multiplication of tribunals, I am unable to say, perhaps an answer is impossible. Fundamentally, however, the ultimate trial by an impartial judge will prevent an excess of authority obtaining protection under the guise of interpretation by the official making the regulation. Doubtless, the excuse of

¹ Another method of achieving the same object and one perhaps even more efficacious is a statutory provision that the rules shall be read as part of the Act, see Gwyer, "The Powers of Public Departments," *Public Administration*, Vol. V, p. 411.

Legislative Powers of Public Authorities

expense is also the plea for the existence of the latter form of provision, supplemented—probably in some cases by the plea that the facts and subject-matter cannot be suitably dealt with by the Law Courts from want of particular knowledge or some similar incapacity. It is peculiar how successful the Law Courts have been in so many varieties of business, many of them highly technical, if the latter plea has much substance. Arbitration should, according to such a view, have long displaced all resort in these matters to the Law Courts; but has it?

It is sufficiently frequently admitted that no man should be judge in his own cause, but is the Minister of Health more or less than a man that he should interpret his own regulations and the acts done under them? There is a great danger that the Minister shall become the master when he may make regulations the validity and interpretation of which he shall himself decide.

May I trespass upon your patience yet a moment or two longer, to offer one or two considerations upon the facts which I have set before you. It is not difficult to see that the burden of this legislation by public authorities could not conceivably be borne by the Imperial Parliament or receive from it adequate individual attention. Is there any satisfactory principle or principles upon which its delegation should be attempted?

I have already mentioned the problem of a more complete independence of our local government, and though I would in no wise wish to hamper any discussion on that point that may follow I feel that the limits of time prevent any further reference here. The issues are involved to a very great degree, concerning particularly among other matters the question of public undertakings and the desirability of permitting municipal trading. Furthermore, the troubles which have beset a certain local authority in the East End of London may well involve the decision whether in all localities a sufficient sense of responsibility has arisen to permit of equality of treatment, and the possibility in a country, whose government is based upon a universal franchise, of differentiation of treatment.

Apart from this perhaps the largest question is that of interference in private rights by officials whose action is but slightly and indirectly controlled by the representative assembly. A simple example may be drawn from housing and town-planning schemes. Of necessity this must involve considerable interference with private rights of property. Leaving aside all question of the desirability of accepting the creed of socialism, which I understand to be the obliteration of private rights, it must be assumed that such an interference must be limited to such a degree as is in accordance with public opinion. This could be achieved, of course, by direct legislation for each locality, but the impossibility of this is manifest. The problem therefore resolves itself into a question whether it is better

Public Administration

that (a) the central authority should itself decide the whole matter ; (b) the central authority should make general regulations and leave it to a local authority to draw up its own plan so long as it complied with these regulations ; or (c) the local authority should itself make its own plan, which could be satisfactorily advertised to those whom it would concern before it was attempted to be put in operation, even to the extent of making it a substantial issue in a local election to test the feeling of the locality.

In most matters of a similar character, such as the control of factories, the administration of education, and other direct restrictions upon the complete freedom of the individual, the question could be similarly put. The advantage of maintaining the same standard throughout the country is, of course, considerable, and this is possible only by central authority. The difficulty of adequate control by those whose freedom is thus limited is obvious for, as has been seen, the volume is too enormous and the check too indirect and subject to such political considerations that the official can within his limits do very much as he pleases.

Where these questions of individual freedom in private property do not very directly arise, there can be little doubt of the beneficial nature of this departmental legislation. It is so much less cumbersome in process, and mobile, if one may apply such a term, in character that it can meet the changing circumstances of the community in a manner impossible for parliamentary legislation. Reference here may be made to such a statute as the Seeds Act, 1920, mentioned above, requiring particulars of seeds to be given by vendor in accordance with regulations made by the Ministry of Agriculture. That such regulations should be made by an authority in touch with all parts of the country and applicable everywhere is manifest. That a certain elasticity is desirable in the administration of certain services now considered as essential, such as insurance and poor law, could not in these times of rapid transition be denied, while it would be equally accepted on most hands that some central control over this elasticity must be maintained.

The main issue that therefore seems left open is whether the methods of delegated legislation that I have previously outlined can be regarded as providing an adequate assurance that in those cases where the State has thought fit to interfere with the private rights of the citizen, the general will of the community, and the peculiar circumstances of the individual particularly affected receive both appropriate consideration and respect.

Local Authorities under the Electricity (Supply) Acts

By SIR HARRY E. HAWARD

[Read before the Central and North Yorkshire Regional Group of the Institute]

A REASONABLY cheap and efficient supply of electricity is to-day a virtual necessity in any well-ordered community. Electricity supply has therefore become a public utility service of first-class importance. My object this evening is to explain the position which Local Authorities occupy in the administration or control of this service under the Electricity (Supply) Acts, to describe their powers and duties, and to give some facts and figures regarding the great undertakings which have been established by them.

This public service is less than forty years old, dating, as it does, from the passing of the Electric Lighting Act, 1888, which amended the earlier Act of 1882 and marked the beginning of the era of electrical development as a public service.

THE ELECTRICITY SUPPLY ACTS (1882 TO 1926)

The first and principal Act of 1882 was largely founded upon the Report of a Select Committee presided over by Dr. Lyon Playfair. The following is an extract from their report—

“ If corporations and other local authorities have not power under existing statutes to take up streets and lay wires for street lighting or other public use of the electric light, your Committee think that ample power should be given them for this purpose. There seems to be some conflict of evidence as to whether the existing powers are sufficient or not ; but even in regard to local authorities it would be necessary to impose restrictions upon placing the wires too near the telegraph wires used by the Post Office, as the transmitting power of the latter would be injuriously affected by the too close proximity of the powerful electric currents needed for producing light. Your Committee, however, do not consider that the time has yet arrived to give general powers to private electric companies to break up the streets, unless by consent of the local authorities. It is, however, desirable that local authorities should have power to give facilities to companies or private individuals to conduct experiments. When the progress of invention brings a demand for facilities to transmit electricity as a source of power and light from a common centre for manufacture and domestic purposes, then, no doubt, the public must receive compensating advantages for a monopoly of the use of the streets. As the time for this has not yet arrived, your Committee do not enter into this subject further in detail than to say that in such a case it might be expedient to give to the municipal authority a preference during a

Public Administration

limited period to control the distribution and use of the electric light ; and failing their acceptance of such preference, that any monopoly given to a private company should be restricted to a short period required to remunerate them for the undertaking, with a reversionary right in the municipal authority to purchase the plant and machinery on easy terms. But at the present time your Committee do not consider that any further specific recommendation is necessary than that the local authorities shall have full powers to use the electric light for purposes of public illumination, and that the Legislature should show its willingness, when the demand arises, to give all reasonable powers for the full development of electricity as a source of power and light."

We see here the principles upon which Parliament was recommended to act in framing the new legislation dealing with this new service. The proposals are cautious and tentative, but the note of public control is clearly struck.

The necessity for public control or administration of this service turns largely on the breaking up of the public streets and the monopoly use of those streets which it involves.

I will just mention the other principal Acts and state very shortly their chief objects.

The Act of 1882 was followed by the Act of 1888 which amended the purchase clause and extended the period of the concession from twenty-one to forty-two years. The next general Act passed was the Electric Lighting (Clauses) Act, 1899, the full title of which explains its purpose, viz. "An Act for incorporating in one Act certain provisions usually contained in Provisional Orders made under the Acts relating to Electric Lighting." Ten years later came the Electric Lighting Act, 1909, which contained various useful supply provisions including powers to supply in bulk and outside an authorised area under certain conditions.

After another decennium we come to the Electricity (Supply) Act, 1919, the title of which ("Supply" in place of "Lighting") was a tardy recognition by Parliament of the enlarged scope of the industry. Under this Act the Electricity Commission was established with the duty of "promoting, regulating and supervising the supply of electricity," and the main idea was to divide the country into large electricity Districts and to co-ordinate the generation of electricity therein through the setting up of Joint Electricity Authorities or otherwise in accordance with Schemes approved for the various Districts. A later Act (1922) conferred financial powers on the proposed new Authorities and dealt with a variety of matters. Finally came the Electricity (Supply) Act of 1926, the main purpose of which was, in conformity with the policy of the Act of 1919, to secure the eventual concentration of generation in a limited number of well-placed, inter-connected stations operated under unified control. This was to be done by setting up a Central Electricity Board for the carrying out of schemes prepared by the Commissioners determining the generating stations to be "selected" for generating

Municipal Electricity

energy on account of the Board and providing for the inter-connection of these selected stations with one another and with the systems of authorized undertakers. The Board are to control all the energy generated at these stations under arrangements made with the owners.

HOW AN ELECTRICITY UNDERTAKING COMES INTO EXISTENCE

The public supply of electricity in Great Britain is given in pursuance of Provisional Orders (now Special Orders) made by the Board of Trade (now the Electricity Commission) and approved by Parliament or under Special Acts. The supply authorities are termed "Authorized undertakers." The powers granted by these Orders may be revoked in case of default, but are otherwise granted in perpetuity, subject, when the Local Authority for the district is not the undertaker, to an option to such Local Authority to purchase the undertaking at the end of forty-two years and at recurring periods of ten years on the terms laid down in the Electric Lighting Act, 1888, or in certain cases at earlier dates on terms prescribed by the Order. The undertakings of the Power Companies under their Special Acts passed prior to 1926 are not purchaseable, but those of two Power Companies under Acts obtained in 1926 are subject to purchase.

There are throughout the country many concerns (mostly small) supplying electricity to the public without any statutory powers or obligations; several of them in connection with collieries are of considerable size. Possessing no powers to break up streets or for compulsory wayleaves, the owners of these installations can only run their mains over their own land or across other land by friendly arrangements with other landowners and with the Local Authority of the district.

WHO ARE THE LOCAL AUTHORITIES ?

The Local Authorities under the Electricity Supply Acts are in England and Wales (outside London)—in an urban sanitary district, the Borough or Urban District Council, and in a rural sanitary district, the Rural District Council; in Scotland—the Police Commissioners or Town Council, as the case may be, or in districts outside their jurisdiction, the County Council.

THE LOCAL AUTHORITY'S POWERS

It is open to a Local Authority, company or person to apply to the Electricity Commissioners for a Special Order authorizing them to distribute electricity in a specified area. Where the applicants are not the Local Authority for the particular area concerned, no such Order authorizing any other Local Authority or company or person can be made by the Commissioners except with the consent of the Local Authority.

Public Administration

The latter cannot, however, block the way altogether, as the Commissioners have power to dispense with the Local Authority's consent when they are of opinion that, having regard to all the circumstances of the case, such consent ought to be dispensed with; in such cases a special report has to be made to Parliament. This power is obviously one to be exercised with great care, but cases not infrequently arise when in the interests of an electricity supply in the district the Local Authority has to be overruled.

In connection with the views expressed by the Committee of 1879, it may be noted that the Rules issued by the Board of Trade with respect to applications for Provisional Orders provided that if the Local Authority for the area was one of the applicants that Local Authority was to have preference in every case where, in the opinion of the Board of Trade, no special circumstances existed which rendered such preference inexpedient. The Commissioners' Rules now in force make no such provision. Competing applications for Special Orders are dealt with on their merits, usually after a Local Inquiry has been held by the Commissioners. As the refusal of the Local Authority's application and the grant of the Company's application involves dispensing with the Local Authority's consent and a special report to Parliament, adequate cause has to be shown for such action.

A Local Authority having obtained an Order cannot by transfer or otherwise divest itself of its powers unless in pursuance of a provision in the Order or of a new Order. It was formerly the practice to insert in Provisional Orders a power enabling this to be done with the consent of the Board of Trade, but such a provision is not now inserted except in special circumstances and then only so as to authorize a transfer to a special Company or Authority. There are a number of cases where a Company is operating under powers transferred from the Local Authority.

Many large cities and towns possess powers of supply outside their municipal boundaries, which have been conferred upon them by Special Orders or Acts obtained sometimes in spite of the opposition of the Local Authority for the district. These smaller bodies are often very jealous of their big neighbour, fearing that the entry of the latter into their district for supply of electricity may be a prelude to an extension of the City's limits for all municipal purposes. For this and other reasons the Local Authority for the district is keen on having the right to purchase the undertaking as against the municipality undertakers, although whether they are likely to exercise it when the time comes may seem somewhat problematical.

THE SPECIAL ORDER

The costs of obtaining a Special Order may be defrayed out of the local rate: there is no power to borrow for this purpose. The amount

Municipal Electricity

of these costs depends upon the extent of any opposition and ranges from £250 to £500. In form these Special Orders are simple and contain as a rule only a few clauses. This is mainly due to the fact that they merely incorporate *en bloc* (with or without modification) the clauses in the Electric Lighting (Clauses) Act, 1899, which formerly used to appear in every Provisional Order.

A Special Order, besides incorporating the clauses referred to, provides for the laying of mains in certain streets or roads within a period of two years (known as "compulsory mains") and for the breaking up, where necessary, of private streets; i.e. those not repairable by the Local Authority, and for a schedule of the maximum prices which may be charged for the supply of electricity.

Local Authority undertakers, broadly speaking, have the same powers and obligations as Company undertakers as regards supply and maximum prices to be charged, but are subject to additional control in the following respects :—

CONTROL OVER LOCAL AUTHORITIES

(1) *The Borrowing of Money.*—There is a general power to borrow on the security of the local rate, but every borrowing has to be sanctioned by the Electricity Commissioners, who in this matter succeeded to the powers formerly exercised by the Ministry of Health, the Scottish Office and the London County Council.

The maximum periods allowed for the repayment of loans are as follows :—

Land (freehold)	..	..	..	..	..	60 years
Buildings	..	..	..	..	..	30 "
Plant	..	..	..	..	..	20 "
Main Transmission Lines (underground)	..	..	..	..	..	40 "
Mains and Services	..	..	..	..	..	25 "
Meters, motors, etc.	..	..	..	..	..	10 "
Domestic apparatus	..	..	..	..	..	7 "

During the last seven years the aggregate amount of loans sanctioned by the Commissioners has been upwards of £85,000,000. Generally speaking, the procedure as regards sinking funds and other incidental matters connected with borrowing conforms to that applicable to the other borrowings of the Local Authority, but loans for electricity purposes are not reckoned as debt for the purpose of any limitation on the amount which may be borrowed by Local Authorities. In the United States such outlay is not regarded as debt but as capital.

The obligations of Local Authorities to make provision out of the revenues of their undertakings for the repayment or discharge of all debt incurred on capital outlay within the lives of the respective works may be

Public Administration

regarded as the equivalent of commercial depreciation. So far as it exceeds the latter, it represents the gradual acquisition by the Local Authority of the unencumbered ownership of the assets. The land on which generating stations and sub-stations are built tends to increase rather than diminish in value, and by means of the repayment within sixty years of the loan raised for purchasing such land, the Local Authority is acquiring it on the instalment system. The same is true to a less extent of buildings the loans for which are made repayable within thirty years. As regards the wasting assets (plant and machinery, mains, meters, etc.), the sinking fund of a Local Authority is the equivalent of the depreciation fund of a Company; the replacement of the asset is the object of both. But many Local Authorities aim higher, and by means of reserve funds and other appropriations from revenue provide for the cost of replacement without having recourse to a fresh loan.

(2) *The Application of Revenue.*—The allocation of revenue and of the surplus or profits (i.e. balance after providing for capital charges) on Local Authority undertakings is in most cases governed by Section 7 of the Electric Lighting (Clauses) Act, 1899, as amended by the 5th Schedule of the Electricity (Supply) Act, 1926, which provides as follows :

"The undertakers shall apply the net surplus remaining in any year and the annual proceeds of the reserve fund when amounting to the prescribed limit :—

"(a) in reduction of the charges for the supply of energy ; or

"(b) in reduction of the capital moneys borrowed for electricity purposes ; or

"(c) with the consent of the Electricity Commissioners in payment of expenses chargeable to capital ; or

"(d) in aid of the local rate :

"Provided that—

"(i) the amount which may be applied in aid of the local rate in any year shall not exceed one-and-a-half per cent. of the outstanding debt of the undertaking ; and

"(ii) after the thirty-first day of March, nineteen hundred and thirty, no sum shall be paid in aid of the local rate unless the reserve fund amounts to more than one-twentieth of the aggregate capital expenditure on the undertaking."

LOCAL AUTHORITY UNDERTAKINGS AND THE LOCAL RATES

Formerly the Local Authorities could carry to relief of rates any surplus up to 5 per cent. on the aggregate capital expenditure. The amendment of the earlier legislation by the Act of last year was the result of a compromise between two opposing schools of thought, viz. those who hold that no rate aid should be given but that the whole surplus should be applied to the reduction of charges or otherwise to strengthen the financial position of the undertaking, and those who consider that as the credit of the ratepayers is pledged for the electricity loans and they are liable to make good any deficiency out of the rates, the ratepayers

Municipal Electricity

are entitled to a substantial share of the profits of the undertaking. The question of rate aid within the limits specified is now entirely at the discretion of the Local Authority.

You will be interested to learn that in 1925-26 no less than 107 undertakings contributed sums to the relief of the local rates aggregating to £760,267, while only 17 undertakings made a demand on the rates which amounted, all told, to £18,236. The figures for last year (1926-27) will doubtless show somewhat different results owing to the coal strike, but many undertakings were able to meet the temporary deficiencies caused by the strike out of their reserve funds and thus obviate any call on the rates.

Local Authorities aim at making their undertakings at least self-supporting and so avoiding any call on the rates, but there is no statutory obligation upon them to do so. Hence there has arisen a demand, voiced mostly by the local Gas Company as large ratepayers (not, be it observed, as competitors) for the insertion in the Order of what is known as the "Bermondsey" (or "Northumberland") clause which places on the Local Authority undertaker at the end of the third year of working and of each succeeding triennium the obligation to review and fix its charges so as to obviate as far as reasonably practicable any contribution from the rates. Neither in form (although this has been modified several times) nor substance has this clause proved generally acceptable to Local Authorities, but assuming the object of the clause to be approved, a clause free from the objections now felt to it could be devised for insertion in appropriate cases.

A statement of accounts in a prescribed form has to be filled up by the Local Authority for its undertaking in the same way as a Company undertaker and transmitted to the Electricity Commissioners, but its accounts are not subject to audit by official auditors appointed by the Electricity Commissioners as in the case of the accounts of Company undertakers; they are audited with the other accounts of the Local Authority by the Auditors appointed for that purpose.

It is interesting to note that the powers of Local Authorities in the matter of electric fittings have recently been extended by Parliament. By the Act of 1919 they were limited to the letting of fittings on hire, but the Act of 1926 gives powers of sale subject to certain conditions, and a long standing controversy with the electrical contractors has thus been settled.

It will be gathered from the foregoing that the statutory and departmental control over these undertakings, while not inconsiderable, leaves their operation largely at the discretion of the Local Authorities. How is this discretion exercised? The Local Authority appoints an Electricity Committee who are responsible, subject to any powers reserved by the Council, for directing the management of the undertaking and occupy

Public Administration

very much the same position as the Board of Directors of a Company. For obvious reasons I will not pursue the analogy further. Broadly speaking, the undertakings are run on commercial lines; by this I do not mean with the object of making the largest possible amount of profit, but generally on business principles. The remunerative test is applied to capital outlay, and the object aimed at is to make and keep the undertaking self-supporting, thus involving no burden on the local rates. The success of such an undertaking is to be measured not only or chiefly by the amount of profits or net surplus shown, but also by the charges it makes for the energy supplied to the various classes of consumers; thus a concern which shows large profits but a high level of prices may be judged less successful than one with a low tariff showing only a moderate profit. When an adequate reserve has been built up, the aim of the administration should be not to exhibit large profits but to reduce its charges to the lowest possible.

I imagine that from time to time the Electricity Committee may hold opposing views to the Gas Committee (when there is one) as regards supply developments, or to the Streets, etc., Committee as regards routes of mains, or even to the Finance Committee with regard to capital outlay or the allocation of surplus. Any such differences of opinion are settled by the Council itself.

SOME PARTICULARS OF LOCAL AUTHORITY UNDERTAKINGS

The part played by the Local Authority undertakings in administration of the public supply of electricity is an impressive one, representing as it does about two-thirds of the whole, and they possess some of the most efficient stations in the country. The aggregate capital expenditure by Local Authorities in 1925-26 amounted to £139,205,654, of which £125,663,093 had been raised by loans. The net debt (loans outstanding less sinking fund balances) was £76,978,280, so that the large sum of £48,684,813, or 38 per cent. of the original indebtedness, had been discharged. The aggregate turnover, or gross revenue, amounted to £27,198,104, and net revenue available for interest, sinking fund, reserve fund and relief of rates, etc., to £11,609,361.

The four largest municipal undertakings in Great Britain are those of the Manchester, Glasgow, Birmingham, and Liverpool Corporations, the salient statistics of which are:—

Undertaker.	Total capital expenditure.	Revenue from working.	Gross surplus.	Generating plant installed.	Total units sold.
	£	£	£	k.w.	Thousands.
Glasgow . . .	9,300,466	1,195,003	620,336	148,500	186,742
Manchester . . .	8,616,714	1,424,595	554,848	209,150	300,441
Birmingham . . .	6,574,645	1,361,071	601,586	156,000	224,725
Liverpool . . .	5,388,528	1,122,829	540,796	78,540	172,045

Municipal Electricity

Altogether there are 358 Local Authorities in Great Britain charged with the duty of supplying electricity. These comprise—

- 28 Scottish Authorities.
- 74 County Borough Councils.
- 101 Borough Councils.
- 16 Metropolitan Borough Councils.
- 129 Urban District Councils.
- 7 Rural District Councils.
- 3 Joint Boards.

RURAL DISTRICT COUNCILS

The number of cases where supply powers have been granted to Rural District Councils is small. The reason is not far to seek. These bodies administer wide areas covering many parishes and it is as a rule only in certain parishes or even parts of parishes that the supply powers are asked for. Where the Order extends only to such parishes, any expenses relative to the undertaking are a special expense borne by these areas. The administration of an undertaking in such circumstances becomes mainly the interest of those members of the Rural District Council who represent the parishes in question rather than of the Council as a whole, and this may be considered a disadvantage. Moreover, complications may arise when any one of the parishes becomes an urban district.

SUPPLIES OUTSIDE LOCAL GOVERNMENT LIMITS

Most of these 358 bodies are only empowered to supply within their Local Government boundaries, but quite a number of them have undertaken responsibilities for supply in surrounding areas under Extension Orders obtained for that purpose. Certain towns have powers to give bulk supplies to neighbouring undertakers. Interesting questions arise as to the prices which ought to be charged by the municipality in these extended areas. The Order often gives the right to charge a higher maximum price (10 per cent. to 25 per cent.) in the outlying districts, but in many cases no such right is asked for and a uniform charge prevails throughout the entire area; thus the consumers in the non-municipal area obtain equal benefits with those in the municipality whose ratepayers alone are responsible for the management and finance of the undertaking.

ASSOCIATION OF LOCAL AUTHORITIES

There is power by a Special Order under the Electric Lighting Act, 1909, for two or more Local Authorities to be associated together in a Joint Committee or Board for the exercise of all or any of their powers

Public Administration

under the Acts, but little opportunity has been taken of this power. Four such Boards have been established under this or other Acts, viz. :

Dearne Electricity Board.

Ayrshire Board.

Stalybridge, Hyde, Mossley and Dukinfield Tramways and Electricity Board.

Barton and Urmston Electricity Board (established since 1925-26).

Local Authorities can also join with other Local Authority or Company undertakers in the establishment of a Joint Electricity Authority under the Act of 1919, but little disposition has been shown to effect such consolidation of interests, and only one such body, viz. the West Midlands Joint Electricity Authority, has been set up which fully accords with the intentions of the Act.

The whole trend of the development of electricity supply during the past thirty years has been away from the parochial conceptions of 1882. This is emphatically true as regards generation and is evidenced by the coming into being of the great Power Companies with their powers over wide areas by the schemes for Joint Electricity Authorities under the 1919 Act, and finally by the creation of the Central Electricity Board under the Act of 1926. While the tendency has manifested itself less in the realm of distribution, it has recently come into more prominence particularly in regard to the development of rural areas.

When an electricity supply is to be provided in a district comprising the areas of more than one Local Authority, and the Local Authorities in question are unwilling to combine for the purpose, there is no alternative to the entry of a Company into the field, and during the last two or three years several large Companies have been formed and have been granted powers for the purpose of supplying large areas.

The effect of the new Act (1926) will be to throw larger responsibilities upon some of the chief Local Authorities by reason of the fact that their best stations will become selected stations under schemes prepared by the Electricity Commissioners and adopted by the Central Electricity Board. The energy generated at these stations will be controlled by the Board, and the stations must be extended and developed to meet the Board's requirements. The output at one of these efficient stations may considerably exceed the demands of the local undertaking, and energy will be exported for use by less efficient concerns. Thus it is anticipated that the large new station which the City of Leeds has been authorized to construct at Kirkstall will in due course become a selected station, and that the energy generated there will be available through the Central Electricity Board, not only for the City's own requirements, but for a much wider area to the benefit not only of such area but of Leeds itself. The large cities possessing favourably situated stations and other facilities for cheap generation may be relied upon to show the same public spirit

Municipal Electricity

they have displayed in the past and rise to the opportunities presented to them by the new Act of playing a large part in the national scheme.

RELATION OF LOCAL AUTHORITIES TO SUPPLY COMPANIES

Turning now to the relations of the Local Authority of a district to the Company or person holding an Order for the supply of electricity in the district. The Local Authority is largely concerned with the grant of the original concession which is regarded as its potential heritage—to be entered upon at the end of forty-two years (and succeeding decennial periods) or not at its discretion. It only can postpone such entry—it cannot renounce its heritage altogether.

Section 2 of the Electric Lighting Act, 1888 (appended hereto) is incorporated with every Order and is the governing factor. The Order may provide for purchase at an earlier date or dates on special terms (e.g. capital expenditure with or without a percentage addition, or as "a going concern") which have been negotiated between the promoters and the Local Authority. The 1888 terms have not yet been the subject of any interpretation by the Courts or by an Arbitrator, but they are generally understood to be roughly equivalent to what are known as Tramway terms under the Tramways Act, 1890 (i.e. cost of replacement less depreciation) with certain modifications.

The power of purchase cannot now be exercised by a Local Authority except in the district of a Joint Electricity Authority without the consent of the Electricity Commissioners (Section 13 of the Act of 1919).

A Special Order under Section 39 of the new Act affecting a Company with a large area of supply will provide for purchase at the expiration of a period of not exceeding fifty years on altogether different terms, viz. capital properly expended on the assets less depreciation according to an approved scale. This is obviously a much simpler basis, and the purchase price will be much more easily ascertainable. The purchasing Authority in such cases is the Joint Electricity Authority for the district or the Local Authorities acting through a Joint Board or Joint Committee under the Act of 1909.

Under such an Order the Local Authority for the district loses its right to purchase except in combination. The reason for this change is the practical difficulties likely to arise from numerous local bodies possessing powers to purchase parts only (i.e. the parts within their respective areas) of an undertaking previously operated as a whole. Purchase by one body would obviously avoid claims for severance and other difficulties inherent in a number of separate purchases. In London this problem was solved by the transfer under the Acts of 1908 and 1910 of all the local powers of purchase from the Metropolitan Boroughs to the London County Council and under the recent settlement with the

Public Administration

London Companies the Joint Electricity Authority for the London and Home Counties District will be the purchasing authority when the undertakings are taken over from the Companies in 1971.

PURCHASE RIGHTS

Local Authorities generally are very tenacious of their purchase rights even although, when the time comes for their exercise, there may be hesitation in certain cases in taking advantage of them. They may be then used as a bargaining counter to obtain concessions from the Company in the matter of prices charged or otherwise.

The Companies have from time to time pointed out that the existence of a purchase clause has a hampering effect upon their finance and development arising primarily from two causes, viz. the uncertainty of the 1888 terms making it incumbent upon them to provide large reserves against all possible contingencies and the uncertainty whether the Local Authority will exercise its option which tends to check development as the date of possible purchase approaches.

The latter difficulty is, however, inherent in the grant of any concession for a limited period. The provisions of Section 41 of the Act of 1926, by which the Local Authority and the Company can within ten years of the arrival of the purchase date enter into an agreement to alter the terms of purchase, afford a partial remedy. The Company may under Section 14 of the Act of 1922 after agreement with the Local Authority apply to the Commissioners for an Order suspending the powers of purchase for such period and on such conditions as may be agreed. Negotiations are proceeding to this end in certain cases.

OTHER POWERS OF LOCAL AUTHORITIES

A Company having obtained its Order is free of any local control. But the Local Authority has the opportunity of taking action from time to time in the interests of the consumers. It has the statutory right to make representations to the Minister of Transport for a reduction in the maximum prices chargeable by the Company, and this right may also be exercised by twenty or more consumers. It may call attention to any default on the Company's part and voice local complaints, although not charged with any duty in these matters. It has certain statutory rights where the Company is in default owing to insolvency or inability to carry on its undertaking with profit, and proceedings are taken for the revocation of the Order. In such cases the Local Authority is given the opportunity of taking over the concern. The Local Authority for the district may, therefore, in a sense be regarded as the repository of the interests of the consumers in its area.

It frequently happens that an authorized undertaker, whether

Municipal Electricity

Company or Local Authority, desires to give a supply to certain premises outside its area of supply ; authorization can be given by a Departmental Order of the Commissioners (commonly known as a "Fringe Order") under Section 6 of the Electric Lighting Act, 1909. Here, again, the Local Authority comes in, as its consent thereto is necessary but may be overridden if unreasonably withheld.

A totally different aspect of the Local Authority's powers in relation to electricity supply arises in connection with overhead lines and works generally. The Local Authority may be regarded as the custodian of the amenities of the district, and its action in this connection may be incompatible with the interests of would-be consumers in its area where supply is proposed to be given by overhead lines. Broadly speaking, no overhead line can be erected by an authorized electricity undertaker without the consent of the Minister of Transport. The Local Authority of the district concerned, or the County Council in the case of county bridges or main roads, have no right of veto, but are entitled to an opportunity of being heard by the Minister in respect of any objections they may have to a proposed overhead line. It is the normal practice of the Minister to accord such hearing locally in the form of an Inquiry.

The Commissioners have recently had occasion to call attention to the bearing of this matter on electrical development in rural areas and have urged Local Authorities to adopt a more expeditious procedure in considering applications and a more favourable attitude generally towards the construction of overhead lines.

Undertakers are authorized by Section 6 of the Gas Works Clauses Act, 1847, as incorporated with the Electric Lighting Act, 1882, to break up any street repairable by the Local Authority ; but under Section 14 of the Schedule to the Electric Lighting (Clauses) Act, 1899, one month before commencing the execution of any works in, under, along or across any street (or seven days in the case of service lines), undertakers are required to serve a notice on the Local Authority (including a County Council) describing the works, together with a plan of the works. The Local Authority, within one month from such notice (or seven days in the case of service lines) may approve the works, subject to such conditions or amendments as they think fit, or disapprove them. The undertakers may appeal to the Minister of Transport against conditions of approval or disapproval. Generally, a similar provision to Section 14 is to be found in Orders granted prior to 1899.

In addition to their powers under Section 14, certain Local Authorities have additional protection under special provisions in Orders and Power Acts. In the Wessex Electricity Act, 1927, a special clause was inserted in favour of Local Authorities in respect of any highway or bridge. It is of interest to note that this clause was in lieu of Sections 14 to 17 of the Schedule to the Electric Lighting (Clauses) Act, and Sections 6 to 12 of

Public Administration

the Gas Works Clauses Act, and the case thus differs from the usual kind where the protection given by a special clause is additional to that conferred by the general Acts and therefore tends to complicate instead of simplifying the position.

The Local Authority are protected as regards the reinstatement of streets by Sections 10-12 of the Gas Works Clauses Act, 1847, which provides that streets which have been broken up must be speedily and properly reinstated, and impose penalties in case of default, but recently County Councils and other Local Authorities have been pressing for additional protection on the ground that the provisions of the General Acts do not adequately meet the needs occasioned by modern conditions of traffic. My previous remarks on the Wessex Act may perhaps be referred to in this connection.

SUMMARY

Summarizing the position of Local Authorities under the Electricity (Supply) Acts we have seen that approximately two-thirds of the public supply of electricity in Great Britain is in municipal hands and that over a considerable part of the remaining one-third the Local Authorities (i.e. in the areas now served by Distributing Companies) have reversionary rights; that the part played by Local Authorities has been affected, but not wholly circumscribed, by the limitations of their municipal areas. The schemes under the Act of 1926 will place all the production of electricity under a centralized organization under which distinctions between municipalities and between them and Companies as generating agencies must tend to disappear, but the distribution of the electricity to the consumers will remain a matter mainly of local concern, although showing a tendency to be carried out over wider areas than heretofore.

ELECTRIC LIGHTING ACT, 1882

SECTION 2

Purchase of Undertaking by Local Authority.—Section twenty-seven of the Electric Lighting Act, 1882, is hereby repealed, and in lieu thereof the following provisions shall have effect; that is to say,

Where any Undertakers are authorized by a provisional order or special Act to supply electricity within any area, any local authority within whose jurisdiction such area or any part thereof is situated may, within six months after the expiration of a period of forty-two years, or such shorter period as is specified in that behalf in the provisional order or in the special Act, from the date of the passing of the Act confirming such provisional order, or of such special Act, and within six months after the expiration of every subsequent period of ten years, or such shorter period as is specified in that behalf in the provisional order or in the special Act, by notice in writing require such Undertakers to sell,

Municipal Electricity

and thereupon such Undertakers shall sell to them their undertaking, or so much of the same as is within such jurisdiction, upon terms of paying the then value of all lands, buildings, works, materials, and plant of such Undertakers suitable to and used by them for the purpose of their undertaking within such jurisdiction, such value to be in case of difference determined by arbitration: Provided that the value of such lands, buildings, works, materials, and plant shall be deemed to be their fair market value at the time of the purchase, due regard being had to the nature and then condition of such buildings, works, materials, and plant, and to the state of repair thereof, and to the circumstance that they are in such a position as to be ready for immediate working, and to the suitability of the same to the purposes of the undertaking, and, where a part only of the undertaking is purchased, to any loss occasioned by severance; but without any addition in respect of compulsory purchase, or of goodwill, or of any profits which may or might have been or be made from the undertaking, or of any similar considerations. The Board of Trade may determine any other questions which may arise in relation to such purchase, and may fix the date from which such purchase is to take effect, and from and after the date so fixed, or such other date as may be agreed upon between the parties, all lands, buildings, works, materials, and plant so purchased as aforesaid shall vest in the local authority which has made the purchase, freed from any debts, mortgages, or similar obligations of such Undertakers or attaching to the undertaking, and the powers of such Undertakers in relation to the supply of electricity under this Act or such provisional order or special Act as aforesaid within such area or part thereof as aforesaid shall absolutely cease and determine, and shall vest in the local authority aforesaid.

Local Inquiries

By E. H. RHODES

[*Paper read before the Institute of Public Administration at Sheffield,
13th January, 1928*]

A LOCAL inquiry—at any rate in the sense in which I shall use the term in this Paper—is an inquiry held in the locality where the subject-matter arises by a person who acts on behalf of, and reports to, a central authority.

It presupposes that the central authority has a decision to make, and that this turns—at any rate in part—upon the local circumstances. The local inquiry is to ascertain the local facts; and its merit is that it is the best way of doing this.

The history of these inquiries in England and Wales in matters relating to Local Government dates from the legislation of the 1830's and the 1840's. That they did not exist before is not due, I think, to deficiencies in the means of communication. It was due to the fact that the central government did not take any interest—at any rate any systematized interest—in local administration. Parliament did. Local authorities, or persons desirous of creating local authorities, had the right, like every one else, of going to Parliament and asking them to make special laws to give powers and remedy mischiefs which the general law was unable to give or remedy. Parliament was kept busy in the eighteenth and the earlier part of the nineteenth century making local Acts for the better government of growing towns—for their paving, cleansing, watching, and the like. And the same was the case with the Poor Law.

Now, one of the effects of the general legislation of the 1830's and the 1840's was to relieve Parliament of much of the growing burden of local legislation. It did not wholly remove it. Local Acts remained numerous, and are numerous to-day, though not so numerous as they were in the heyday of railway development or even as they were thirty years ago. But it relieved the pressure; and it did so by transferring to Government Departments functions which would otherwise have lain upon Parliament.

It is in the exercise of these functions that the system of local inquiries has grown up, and it is of interest therefore to turn to the general Acts of the time and to the Reports of the Royal Commissions which preceded them. In particular, there are the Poor Law Amendment Act, 1834, the Municipal Corporations Act, 1835, and the Public Health Act, 1848.

Local Inquiries

The Royal Commissioners who reported in 1834 on the administration and operation of the Laws for the Relief of the Poor employed—they were in fact directed to employ—Assistant Commissioners in the prosecution of their inquiry. Their instructions to them (which depart somewhat from the cold and colourless manner usually adopted in such documents, at any rate at the present day) mention that the Royal Commissioners had circulated written queries the answers to which they expected to be imperfect ; and, they went on, " There is no comparison between the information afforded by them (i.e. the answers to the queries) to the Central Commissioners, and that which could be obtained if it were in their power to sift the facts and the opinions contained in the different replies by the inspection of documents and cross-examination of witnesses ; if they could ascertain the state of the poor by personal inquiry among them, and the administration of the Poor Laws by being present at vestries and at the sessions of magistrates." They wished that they could go themselves, but they could not, and so they sent the Assistant Commissioners.

These Assistant Commissioners were employed of course merely to find out, and not to do, things ; but when the Royal Commission came to make their recommendations for the new Poor Law they recommended the appointment of Assistant Commissioners for administrative purposes as part of the organization of the Central Board. " The Central Board," they said, " would probably require eight or ten Assistant Commissioners to examine the administration of relief in different districts and to aid the preparation for local changes."

The Act of 1834 made provision accordingly. These Assistant Commissioners were the predecessors of the inspectors appointed under the Poor Law Board Act, 1847, and of the " General Inspectors " of the Local Government Board and the Ministry of Health. In the main they were, and are, territorial officers, acting as local agents of the central department and keeping in touch with the Boards of Guardians on the one hand and the Central Office on the other ; but they might also be required to hold inquiries on particular matters, and they were armed with powers for making these effectual. The Poor Law Board Act, 1847, re-enacting with amendments provisions in previous Acts, empowered the inspectors to summon witnesses, call for the production of books, put persons on oath, and the like. These are the powers which are applied by the Public Health Act, 1875, when it says that the inspectors holding inquiries under that Act shall have similar powers to those which poor law inspectors have under the Acts relating to the relief of the poor. They are also the powers which are referred to still more indirectly in local Acts when they provide that the inspectors of the Minister of Health shall for the purposes of inquiries under the local Act have all such powers as they may have for inquiries directed by the Minister under the Public

Public Administration

Health Act, 1875. Hitherto an inspector who desires to know what his powers are—and it is possible for him to hold a good many inquiries without finding a practical need for any curiosity in this regard—has had to turn to the Poor Law Board Act, 1847; but now they will be found duly set out, but with their historical origin concealed, in that consolidating statute, the Poor Law Act, 1927.

The Municipal Corporations Act, 1835, need not occupy us long. It was the outcome of a Royal Commission which investigated the manners and customs of the municipal corporations of that time, and particularly in regard to their dealings with their corporate estates. They found much to complain of, and what they found lost nothing in the telling; a dispassionate reader may see a resemblance in their Report to the work of essayists giving a bright colour to their narrative by treating their more astonishing anecdotes as typical. But the abuses were there; and the methods which the law took to remedy them were these: democracy, publicity, and Treasury control. The first was the most important. A proper system of public election was substituted for the various hole-in-corner methods of election or co-option then obtaining. This in itself would ensure a wholesome breath of publicity; but there were also specific enactments to that end. It was, and is, the law that where the Town Council intend to apply to the Treasury (now the Ministry of Health) for their approval to any sale, loan, or other financial arrangement under the Municipal Corporations Act, notice is to be affixed to the Town Hall for a month at least before the application is made, and a copy of the intended application is during that month to be kept in the Town Clerk's office and to be open to public inspection. Moreover, if the Treasury should refuse their approval or qualify it, a notice of the correspondence should be fixed to the Town Hall and the correspondence itself should be open to inspection. Whether in this year of grace, 1928, the public in a provincial city watch the Town Hall doors and notice-boards and ask to go in and see the correspondence I do not know. There are not the same grounds for suspicion as there were when the legislation was passed.

With regard to Treasury control, the Municipal Corporations Act, 1882, consolidating the previous statutes, provides: "The Council shall not, unless authorized by Act of Parliament, sell, mortgage, or alienate any corporate land without the approval of the Treasury" (now the Ministry of Health). With such approval, however, they could borrow money by mortgaging their estates or the borough fund and borough rate.

In the exercise of this jurisdiction one would expect the Treasury to adopt the method of procedure by local inquiry. But, in fact, they did not. The General Board of Health—the central department created by the statute which I have next to mention—thought that the Treasury procedure might have been better than it was. It is difficult to think

Local Inquiries

of the Ministry of Health, the successors of the General Board of Health in these latter days, criticizing the Treasury in a published report. But the General Board of Health were an aggressive body and not careful of offending susceptibilities—they incurred a good deal of disfavour in the short period of their rule, notwithstanding the good work they did—and they were not deterred by consideration of the deference due to the Treasury. They said :

“ With respect to the important trust imposed upon us, of examining works before sanctioning mortgages of rates, . . . it is to be observed that the practice of the Treasury has been to cause notice to be given in the locality that it was proposed to undertake such and such new works ; and if no local objection were raised, to issue the consent. Information has been communicated to us respecting cases where consent has been given under circumstances which prove the entire insufficiency of this procedure to insure the protection intended—where, for instance, the towns-people have been wholly unaware of the nature and expense of the works in question which competent inquiry must have elicited. We are satisfied, from our experience, that the examination of plans for works ought to be extended rather than diminished, and both the responsibility under which it is done and the power of doing it increased.”

The Select Committee on Private Bills, 1846, which was appointed to examine the applications for Local Acts during that Session of Parliament, with special reference to its effect on health administration, pointed out the defects attaching to Private Bill procedure ; and they went on to consider how the adoption of sanitary provisions might be facilitated. The Central Government agents for this purpose should, they thought, be Government Departments and the method that of local inquiry.

They recommended that further facilities should be given for the adoption of Public General Acts which ought to be passed on the several subjects of sewerage and waterworks, paving, lighting, police and watching, markets, and every other class of subject then dealt with by Private Bill. The procedure to be followed under these Acts, should, they thought, be for the Department to whom application was made for adoption to depute one or more qualified inspectors to proceed to the locality ; and there after due notice first to inquire in open court as to the regularity of the application ; secondly, to inquire as to the merits of the case both by evidence in open court and by personal inspection ; and then to make a written report on both points to the Department.

The Committee recommended that the Department should thereupon determine whether to authorize the adoption of the provisions in question, and if so, upon what terms and conditions.

They also recommended a similar procedure for enabling Departments to make reports on Private Bills.

The Committee summarized the merits of their recommendations in the following terms :

Public Administration

"That the Committee are of opinion that such local investigation would be of incalculable advantage—

"1st. In diminishing the great expenses now incurred by parties for the attendance of agents and witnesses in London.

"2ndly. In saving a large portion of the time of Members of the House, now consumed in the Sub-Committees on Petitions for Private Bills, and in the Committees on Bills."

The point is that, instead of looking to more and better Private Bills, the Committee looked in the main to public legislation, Government Departments, and the method of procedure by local inquiry.

The Public Health Act, 1848—the first general measure of its kind—was the creation, at any rate in part, of the Poor Law Commissioners appointed under the Act of 1834. At an early period of their career they drew attention in a letter to the Home Secretary to the large part played by preventable disease in causing pauperism. This was accompanied and followed up by reports showing that sanitary conditions were the cause of much of the sickness and mortality to which the poor were particularly exposed. Ultimately a Royal Commission was appointed, which reported in 1843 and 1844, and recommended general legislation. As a principle of such legislation they recommended :

"that the Crown should have power to inspect and supervise the execution of all general measures for the sanitary regulation of large towns and populous districts, that the local authorities intrusted with the execution of such measures should be armed with additional powers, and that the districts placed under their jurisdiction should in many cases be enlarged, and made co-extensive with the natural areas for drainage."

These last words are significant. They show that the Royal Commission had a sense that the area of jurisdiction was important, and that the engineer had a part to play in determining it.

The Public Health Act, 1848, gave effect to these views. It is very detailed and specific in the instructions it gives for determining the areas of the local boards who were to carry it out. After creating the central board and enabling them to appoint "superintending inspectors"—these are the predecessors of the Engineering Inspectors of the Ministry of Health to-day—it goes on (section 8) :

"And be it enacted, that from time to time after the passing of this Act, upon the petition of not less than one-tenth of the inhabitants rated to the relief of the poor of any city, town, borough, parish or place having a known or defined boundary, . . . the general board of health may, if and when they shall think fit, direct a superintending inspector to visit such city, town, borough, parish or place, and to make public inquiry, and to examine witnesses, as to the sewerage, drainage, and supply of water, the state of the burial grounds, the number and sanitary condition of the inhabitants, and . . . also as to the natural drainage areas, and the existing municipal, parochial, or other local boundaries, and the boundaries which may be most advantageously adopted for the purposes of this Act, and as to any other matters in respect whereof the said board may desire to be informed, for the purpose

Local Inquiries

of enabling them to judge of the propriety of reporting to Her Majesty, or making a provisional order, as hereinafter mentioned."

The inspector was to give notice of the inquiry and to report the result of it to the central board.

The Act goes on (section 9) :

" And if upon such report it appear to the said general board that the boundaries which may be most advantageously adopted for the purposes of this Act are not the same as those of the city, town, borough, parish or place with respect to which inquiry has been made, they shall cause the same or some other superintending inspector to visit the parts within the boundaries proposed to be adopted for the purposes of this Act, and . . . to hear all persons desirous of being heard before him upon the subject of the said report, and to make such further inquiry and report to the said board as they may direct."

As regards the action taken on these inquiries :—if the general board considered that the appropriate area was that of the city, town, etc., the inhabitants of which had petitioned, the Act might be put in force by order of the Privy Council ; if the general board considered that the boundaries required to be altered, and in certain other circumstances, they had to deal with the matter by Provisional Order which required the confirmation of Parliament.

I do not propose to go into the history of these operations. The sections which I have quoted have long since been repealed. A reaction set in against the disposition to centralization which marked the Public Health Act, 1848, and its administration. It was a reaction which was unwise as regards areas of local administration, which is not a matter which can usefully be left to local option. The Local Government Act, 1858, provided for the adoption of the Act by resolution of the owners and ratepayers. Places of small extent and inappropriate character were moved to do this for reasons which need not be entered into here, and have thereby provided some of the problems which are now occupying the attention of the Royal Commission on Local Government under the second of their terms of reference.

The reason why I have dealt at some length with the provisions of the Public Health Act, 1848, relating to areas of local administration is that they provide the type and original of the local inquiries which came under the consideration of the Royal Commission under the first of their terms of reference, on which they reported in 1925. The creation of county boroughs and the extension of them were then effected as a rule by Provisional Order of the Ministry of Health made after a local inquiry held by an engineering inspector and moving largely on the lines of thought indicated in the passages from the Public Health Act, 1848, from which I have quoted.

The Royal Commission devoted a good deal of attention to these local inquiries. It was proper that they should, because the question

Public Administration

whether the creation and extension of county boroughs should continue to be carried out by Provisional Order or alone by Private Bill turned largely on the procedure.

It is evident that the Royal Commission were impressed with the criticism that the Ministry's Inspector attached undue weight to questions of sanitary administration and insufficient weight to the question whether a proposal was in the interest of good government as a whole ; and they considered that there was room for more precision and publicity in the arrangements relating to the conduct of local inquiries. But the chief points they took were, first, that a tribunal must not only be competent and impartial in itself, but also acceptable to the parties appearing before it ; and if the inquiry before the Ministry's Inspector was only to be a prelude (as in fact in many cases it was) to the hearing of the case by Parliamentary Committees, costs were not diminished but increased ; and secondly, that the Provisional Order procedure weighed the case in the interests of the promoters. " Before the proposal is submitted to Parliament, it is subjected to a process of investigation and may receive a measure of approval which in practice, though not in constitutional theory, gives an advantage to the promoters, which their opponents cannot counterbalance in Parliament."

Accordingly they recommended that the creation of County Boroughs should be effected only by Bill ; and likewise extensions of County Boroughs, except where procedure by Provisional Order was accepted by all parties.

Effect has been given to these recommendations ; and the controversial proposals of last Session all went to Parliament itself.

Criticism has now been diverted to the inquiries at Westminster. Murmurs have arisen about the procedure and its cost. Mr. Percy Hurd, M.P., a member of the Local Legislation Committee, wrote a letter to the *Times* on the 6th December last, in which he drew attention to the complexity and expensiveness of our administrative machinery. In it he referred to the proceedings on the Wallasey Bill, which came before the Local Legislation Committee in the second House, and on which (taking the time spent in the Committees of both Houses) 18 days had been spent. Weariness and the desire for economy joined hands in Mr. Hurd's remarks. " We have had," he said, " nine K.C.'s and other counsel before us, a host of solicitors, agents, and officials, and, in the estimate of one of our most expert Parliamentarians, all at a cost to the ratepayers concerned of not less than £400 per day, or 33s. 3d. per Parliamentary minute of these 18 days."

Birmingham and Birkenhead were two other of the Extension Bills of the Session. In the *Liverpool Post* of 13th December, 1927, we read :

" There is every likelihood of Birkenhead being joined by Birmingham in the effort being made to revise the procedure and to reduce the heavy cost involved by

Local Inquiries

local authorities' boundary extension bills having to go before committees of both Houses of Parliament.

"At the October meeting in Liverpool of the Associated Chambers of Commerce a resolution was submitted by Mr. R. P. Fletcher on behalf of the Birkenhead Chamber protesting against the present cumbrous method and the excessive costs entailed, and recommending that Extension Bills should be heard before a joint committee of both Houses. Not only would the cost of the proceedings be reduced if this were adopted, but there would be a considerable saving of time."

The reasons why more use is not made of a joint committee are, I have always understood, two: first, that the parties do not like it; secondly, that the Peers do not like it.

The first of these does not seem a reason which is entitled to be treated with respect. There is no natural right of going to two tribunals, especially when the second is not an appeal court but of concurrent jurisdiction with the first. Nor is the position the same for both parties. If the promoters lose anything in the first House, they cannot have it put back in the second.

As regards the dislike felt by the Peers, it is difficult to go into this without knowing fully the reasons for it. But if the reason, or one of the reasons, is that a joint committee damages the consideration of the case in the Second House, this can be met by an alteration of the Standing Orders. The procedure in the Parliament of Northern Ireland is, I believe, that a Bill should be read a first and second time in the first House, and then a first and second time in the second House, and should then, and not till then, be referred to a joint committee, going again to the two Houses afterwards.

But the criticism which one might make of the suggestion of the Birkenhead Chamber of Commerce is that it does not go nearly far enough.

Why should the alternative be a local inquiry by an officer of the Ministry of Health or an inquiry at Westminster by a Parliamentary Committee or Committees? Why not discard both of these—the first because, as the Royal Commission says, it has not been taken as a conclusive tribunal, and the second because sitting at Westminster it cannot see things for itself—and have a local inquiry by a single authoritative tribunal, consisting let us, say, of two members of Parliament and a member of the House of Lords, these to be a joint committee and to proceed to the spot, not merely to hear evidence but also to see what they wish to see?

To the body constituted on these lines I should be inclined to attach an officer of the Ministry of Health to assist in legal and incidental matters. But this may be a personal predilection; and it is not essential, especially if a suggestion made to the Royal Commission were adopted, namely, that the tribunal should confine themselves to the main issue, leaving the clauses to be worked out in an Order of the Minister of Health.

Again, why should there be the nine K.C.'s, solicitors, agents, and other

Public Administration

persons referred to by Mr. Hurd? It is, of course, natural that a Town Council faced with an opposition which has (in the words of Ezra) "hired counsellors against them to frustrate their purpose" should wish to be furnished with a like apparatus in defence. But the fact is that a bad tradition has grown up. In part it is due to an exaggerated belief in the powers of oratory. In part, I fear, it is due to an insufficient sense of responsibility in spending money raised by a compulsory rate. But however that may be, the fact remains that nine-tenths of the strength of every case rests on the facts of the case; and these are best stated by the persons who know them. What happens at present is that the Town Clerk instructs Parliamentary Agents, who instruct Counsel. And if there are negotiations with other parties these pass through corresponding channels in the inverse order on the other side. The process may be short-circuited by conferences, but the logical position, and sometimes the actual position, is as I have stated.

I suggest that the officials should do the work themselves; that they both would and could do so; and that the possibility of reform and economy on these lines deserves to be explored.

Now, let us pass to local inquiries in connection with the sanctioning of loans. This will be to many persons the most familiar subject of local inquiries, and they will be apt to think that when an application is made for sanction to a loan the normal procedure is to have a local inquiry. It is in fact a normal procedure; but of the numerous sanctions to loans which are issued daily from the Ministry of Health the proportion which are consequent upon local inquiries is relatively small. In the sphere of Housing—I am not thinking of appeals or slum clearances, but of the building of houses—very few local inquiries are held.

All loans of Local Authorities in England and Wales (with an unimportant exception) have to be sanctioned either by Parliament or by a Government Department or in the case of the Metropolitan Borough Councils by the L.C.C.

The provision in the Municipal Corporations Act has been referred to. That in the Public Health Act, 1848, is as follows (section 119):—

"And be it enacted, that it shall not be lawful for the local board of health to borrow or take up at interest any sum or sums of money upon the credit of any rates authorized to be made or collected under this Act, without the previous consent of the general board of health."

The General Board of Health do not appear to have employed local inquiries in the exercise of this duty, notwithstanding their criticisms of the Treasury. Perhaps it was the less necessary by reason of the odd system on which they employed their "superintending inspectors." These were part-time officers, and when they were not engaged on inquiries for the General Board of Health they occupied their time in devising

Local Inquiries

sanitary works for the towns they had visited. This gave them an advantage over their fellows in independent practice, and one is not surprised to hear that the arrangement aroused the wrath of the Institution of Civil Engineers. But it would also entail that the report of the original inquiry and the subsequent proposals could usefully be considered together.

The General Board of Health were succeeded by the Local Government Act Office—a department of the Home Office—and that body appears to have employed local inquiries, at any rate on occasion. Their Annual Reports are of a scrappy character; but in that for 1860 there is a footnote to a list of sanctions which says: "In every instance there has been a local inspection or an examination of the plans of the proposed works." So in 1864—"Sanctions granted after Investigation and Report made thereon"; and in 1868—"Sanctions . . . granted after Inquiry."

Under the Local Government Board the system was in full swing. The Public Health Act, 1875, provides (section 234) that where the sum proposed to be borrowed, together with the outstanding balances of previous loans under the Act, exceeds the assessable value for one year of the premises in the district, "the Local Government Board shall not give their sanction to such loan until one of their inspectors has held a local inquiry and reported to the said Board."

This provision was suspended by the Local Authorities (Financial Provisions) Act, 1921, and the suspension has been continued by subsequent Acts and now runs to the 1st April, 1928.

As the result, the Ministry of Health is not obliged to hold a local inquiry merely because the debt under the Public Health Act exceeds one year's assessable value, and does not in fact do so. Inquiries are held where the nature or magnitude of the works or the financial circumstances of the locality render this desirable, or where there is opposition which requires to be heard.

It has been suggested that, while local inquiries perform a useful purpose in the case of the smaller local authorities, the position is not the same with the larger County Boroughs, and that with them the Ministry should be able to rely upon the soundness of any engineering scheme, and, unless notice is received of any intention to oppose, the inquiry should be dispensed with.

Now, although it does make a difference who proposes a scheme and who designs it, the Ministry could hardly adopt a rule of the kind suggested. In the first place, as the sanctioning authority it is their duty to satisfy themselves of the soundness of the scheme for which the money is required, and this from all points of view. They ought not to assume it. Secondly, they would be faced with a difficulty similar to that of the man who was asked to define a heap. At what point does the larger local authority begin?

Public Administration

But besides these general considerations there is this. Two heads are better than one. It is not a matter of the comparative eminence of one man over another. What better combination can there be than that where one man brings in the advantage of careful study of the requirements of the particular place, and the other the fresh and informed mind which is acquainted with the experience of other places? Especially this is the case where there is a considerable body of central knowledge available and used. This works in two ways—in providing suggestions for the improvement of schemes and in providing suggestions for the reduction of cost. Suggestions on the latter head do, in fact, lead to the saving of considerable sums annually.

Notes

Municipal Research: United States of America

MUNICIPAL government has had a chequered career in the United States. It is only within the last decades that big business bodies have thought it worth their while to work for its efficiency. Previously, when they had any interest other than that of spoils, they generally thought it cheaper to pay for the waste out of the abundant profits which concentration on their own affairs usually gave them.

In recent years, however, a new spirit has arisen. In a large number of towns ("cities" as they are all called in the States) Bureaux of Municipal Research have been established by business interests at their own expense; others have been helped out of public funds, in some places out of the funds of the municipality. In one case, Boston, there is an official body of which the members are appointed by the Governor of the State, more or less to watch over the city government—but Boston is peculiar. Some of the universities also play a part in the work. It is estimated that over a quarter of a million pounds is spent annually by the governmental research agencies of the United States.

Excellent work has been done by these Bureaux (some of them go by other names) and they are responsible for some of the most important municipal advances in recent years in the United States. It is claimed "that the government research movement is in no small measure responsible for the origin or development of scientific budget methods in this country (United States), the intelligent development of public accounting and reporting, the systematic approach to public purchasing, the application of standards in public personnel, the short ballot and responsible governmental organization, and the expansion of American political science to include practical administration and the responsibilities of citizenship." An interesting little booklet, 36 pages (*Twenty Years of Municipal Research*), has just been issued by the Government Research Conference of New York, describing the movement.

Municipal progress depends far more in the United States than in this country on outside stimulus. It is instructive to note, however, that the attitude of Bureaux of Municipal Research has become increasingly co-operative and many investigations are carried out at the request of the municipal governments, though the Bureaux by no means refrain from public criticism where necessary.

Some of the Bureaux are manned by men who are considered experts in their particular subjects, men who are often called into consultation by authorities to advise them on particular problems. It does not

Public Administration

appear, however, that generally they are men who have had extensive practical experience in local government service. Among the Bureaux, mention may be made of the National Institute of Public Administration and the Bureau of Municipal Research of New York (the successor of the first of these Bureaux, the New York Bureau of Municipal Research; the Director of the National Institute, Dr. Luther Gulick, attended the last summer conference at Cambridge), the Bureau of Municipal Research for Philadelphia, the Bureau of Governmental Research of Detroit and the Municipal Research of Cleveland.

Apart from the services which the studies and reports of the various Research Bureaux render to their own particular towns, they are rich in promise of new advances in the technique of local administration. Much of what they write may seem somewhat commonplace to persons accustomed to the, in some respects, more fully developed municipal government of this country. But their factual studies of local administration, in distinction to the generalized statements of academic study, provide a basis on which larger and sounder deductions may later be built, while in the meantime they furnish material for local civic improvement. Conditions in this country are very different from those in the United States; there is not the same urgency for these independent bodies of investigation, but we would stand equally to gain from more independent study of local government questions, founded on a firm basis of facts, in the impartial temper of mind in which a scientist attacks his problem or a good man of business his affairs.

I. G. G.

Office Methods, Operations, and Machines

[Summary of the Paper read by Mr. W. Desborough, M.B.E., to the I.P.A.,
17th November, 1927]

THE consideration of efficient office methods in the Government Departments and Local Authorities has become more important and urgent during recent years by reason of the rapid expansion of the work undertaken, particularly in relation to the social services. As a result, considerable study has during the last few years been devoted to office technique, and in many cases the results have been surprising, increased efficiency having been obtained at a much decreased cost. The present position of office work therefore demands the setting up of entirely new standards. Most of these standards to-day are based on personal efficiency. The office standards of to-morrow must be based primarily on efficiency of method.

Improvement in office equipment and method is not, however, entirely dependent on the employment of machines. For instance, the possibility of saving labour by writing in duplicate or triplicate the common data on

Notes

forms, indexes, etc., has not yet been thoroughly investigated. A case in point is that of an office where the full particulars of a registration are entered laboriously into two or more bound books, when it could be written once on two or more loose-leaves by the insertion of a piece of carbon paper.

Another process to which little or no consideration is generally given is the collection of information in such a form that it can be easily handled subsequently. Statisticians, accountants, and actuaries when they design some of the very attractive forms which we as citizens have to fill up should bear in mind the work of the clerks who will later have to handle them. There are thus two considerations which must always be borne in mind in designing forms. Firstly, the forms must be so designed as to facilitate their completion. Secondly, the forms must be so designed as to present the information in the form which will best ensure efficient extraction.

The Post Office Savings Bank has recently introduced a simple change of process which, because of its wide applicability, deserves careful description. Until recently if you made a Savings Bank deposit or withdrawal at a Post Office other than the office where the account was originally opened the girl behind the counter entered the transaction on to a Cross Entry Account Sheet. These sheets might contain entries from a number of offices. When they reached the Savings Bank it was, of course, impossible to pass them down the Ledger sections for the extraction of entries, so every line on the Cross Entry Sheets was copied on to slips of paper which were sorted to their appropriate ledgers. The very simple process of writing the cross-entry transactions on the sheets in the Post Offices has been changed to an equally simple process of writing them in duplicate on sheets the lines of which are spaced about $1\frac{1}{2}$ inches apart. The top copy on receipt at the Savings Bank Department is now guillotined and sorted to the divisions, while the under copy affords the means of producing the daily control balance.

Registration and Filing.

In the study groups which the Institution is organizing for the discussion of some of the problems of office organization, it will probably be found that simplification of method will call for a good deal of consideration during the whole course of their studies, but at no time will this factor be more prominent than when the methods of Registration and Filing are under discussion. My experience leads me to believe that there is no one system of registration which can be considered the most suitable for every office. The best system must depend on circumstances, and as these are subject to change the registry system should be reviewed from time to time.

Public Administration

Correspondence.

Then again, office handling of correspondence does not lend itself to the employment of machines other than typewriters, but the use of form letters, and the general simplification of the work may lead to considerable advantages and economies. The typing work of an office requires constant consideration, as the cost of typing is in most concerns a rising cost out of proportion to the other departments of the business. Pooling of typists has undoubtedly effected great economies in the cost of type-writing and affords other very definite advantages to the office organization. The actual operations of the typing work should also be studied. When any large numbers of forms are required to be written or typed in duplicate or triplicate the use of continuous lengths of paper in roll or fanfold form should be considered, as there are machines which will automatically feed these rolls over carbon paper, thus eliminating the interleaving and delevaing of the carbons and affording other advantages.

Under correspondence the possibilities of the dictating machine might be considered. The introduction of these machines in this country seems so slow compared with America, where they are in much more general use. One reason for this is, of course, that the skilled stenographer is difficult to obtain in America, and costs about £7 per week. In theory the dictating machine should prove an invaluable machine. It saves all the time of shorthand "take," and is always ready for service at all hours. There has been a considerable amount of opposition on the part of girls to the use of these machines, but most of these objections disappeared with wireless (which generally involves wearing a much heavier and clumsier headpiece than that of the dictating machine). Most of the objections to-day, I believe, come from the dictators, who either prefer the personality of the girl to the machine, or dislike the correction pads, especially if they are hesitating dictators, or do not average more than a very short period of dictation per day. In the case of officers who dictate regularly every day for, say, two hours or more, I think the machine should be considered.

Duplicating.

Linked up with "Correspondence" is the subject of "Duplicating." This subject will, of course, involve much discussion of machines, but I suggest that methods and operations play a far greater part in the attainment of efficiency than do the actual machines. The duplicating processes are not only labour-saving devices, but a means of cutting down printing costs and affording a means of reproducing documents with great promptitude. Many of the form letters, stock queries, etc., to which I have already referred, can be produced by the duplicating processes. My experience of duplicating sections in both commercial and Government offices suggests that the process is almost invariably capable of very

Notes

considerable improvement, and the chief obstacle to its more general use is the imperfect and defective quality of the work turned out. Now practically all the modern machines can produce excellent work, and imperfections in the work are almost invariably due to the failure of the operators to observe the proper methods.

Loose-Leaf and Card Indexes.

The introduction of loose-leaf and card indexes was undoubtedly one of the first outstanding improvements of method applied to office technique. The bound book of record was developed as far as possible; new systems of book-keeping used to appear every few months which involved the employment of ingeniously devised, but gigantic, analysis books, which must have rejoiced the hearts of printers and bookbinders but contributed little to office efficiency. The bound record book has very serious limitations: it is inflexible, has to accommodate all dead matter, and in alphabetical sequence cannot take new matter in its proper place.

When loose-leaf and card index records were first introduced considerable objections were raised by accountants, who argued that no concern using the loose-leaf or card records could ever rely on the accuracy of their record, and in the case of accounting work no concern using ledgers in this form would ever be able to balance its books correctly. All these objections have now been overcome and to-day loose-leaf and card records are not only in general use but are performing their functions in a much more economical and efficient way than ever did the bound books.

It is impossible to generalize in favour of one system at the expense of the other, but when the simultaneous preparation of numerical and subject indexes by means of carbon copies provides an economical method of indexing correspondence, etc., the loose-leaf arrangement repeatedly supersedes cards. Where simple indexing only is in question loose-leaf has gained considerable ground during recent years; but for more elaborate purposes and for accounting work generally, opinion seems to be swinging towards the card. Indeed machine book-keeping has practically given a new lease of life to the card system.

The loose-leaf and card index systems have been developed into the visible index systems such as the Kardex, Bizada, Costmeter, etc. The main advantages afforded by these visible systems is that they give greater rapidity of reference and great scope for signalling. Against these advantages, however, must be set the unsuitability of the systems for machine posting, the amount of accommodation required, and the extremely heavy cost of the initial installations. Under certain conditions, however, the capital cost may be justified.

The development of loose-leaf and card indexes was comparatively

Public Administration

slow, but was undoubtedly hastened by machine book-keeping. So clearly has experience proved the entire suitability of these for accounting purposes that the number of firms who revert to a bound system is negligible.

Of recent years considerable attention has been given to the reproduction of completed documents. It has been found that to produce these by photographic means is both more economical and more faithful than to produce them by typewriting.

Organization for Machinery.

At this stage I would like to make a few general remarks about office machinery. Office machines have passed through one distinct stage of development, and are now well advanced into a second stage. In the first stage, they were designed to serve merely as adjuncts for facilitating the carrying out of existing processes. Thus typewriters facilitated the process of writing, adding and calculating machines replaced the corresponding mental processes, and such machines as envelope sealers and duplicators merely provided mechanical means for carrying on work previously done by hand.

On the other hand, the more recently designed machines, such as accounting and book-keeping machines, and statistical tabulating machines, belong to a different type entirely. They form a class the use of which necessitates an entire revision of existing office practice and methods. One of the main advantages of some of these machines is that operations that have hitherto been performed separately can be combined, and this change ordinarily involves recasting the whole office organization.

The first essential in considering the possible introduction of machines into offices, after the capabilities and potentialities of the various available machines have been studied, is to study the organization of the particular office with a view to *leading the operations into channels that will enable the machines to be used effectively*. Now this leading of the operations into suitable channels for the machines is not an easy task, and it is frequently found necessary to submit the problem either to the makers of the particular machines or to other people who have experience in organizing work in such a way so as to secure the effective application of machines.

Ledger Posting.

Accounting and book-keeping by machine have developed to an amazing extent during the past few years, and sooner or later most of such work even in small undertakings will be done by machines, which are going much farther to revolutionize book-keeping than have loose-leaf or card accounts. Every day large and small undertakings are introducing machines to post ledgers, cash books, and stock records, to prepare

Notes

statements, to make out invoices, extract balances, and prepare the pay-rolls. Modern machines have in fact practically reduced book-keeping to the simple processes of inserting the necessary sheets into the machine and depressing the appropriate keys; the machine then automatically posts the amounts, and if necessary throws out the new balance, proves the accuracy of the work, and provides evidence of the work done. Various safeguards are possible to guard against the posting to wrong accounts, and the posting of wrong amounts is soon revealed and localized by the control system.

Account Rendering and Despatching.

In the rendering of periodical accounts the addressing machine is undoubtedly the most needed machine in offices to-day.

Although the addressing machine was originally produced primarily for addressing envelopes it has now been developed and can be used for a variety of purposes, some of which cannot be described as addressing. Particularly for placing names and addresses on dividend warrants, rate, gas and electricity accounts, statements and invoices, and for preparing postal drafts, money orders, and payable orders. Also for listing the names and other fairly constant particulars on wages sheets, time clock cards, pay envelopes, etc. The addressing machine can be used with great advantage when communications are sent to the same set of persons or for any repetition work involving the writing of the same set of information.

Pay-roll and Wage Paying.

Apart from the use of machines the amount of time and labour that can be saved by altering the pay-roll system is often startling, and the number of different systems that exist for exactly the same class of pay-roll is legion. Now practically all the book-keeping machines will prepare pay-rolls, and one of these together with an addressing machine for the constant data on the Sheet will probably be the most effective method of commencing the preparation of a large pay-roll.

Reviews

[It will be the object of the Reviews of Books in the JOURNAL to cover the whole ground of the literature produced in the preceding quarter which may have a bearing upon public administration. By this means, it is hoped, some assistance will be given to the student and some direction to the general reader. A judgment of the value of the books will be attempted, as a portion of the ordinary duty of criticism, but the particular value of the book in its relation to the advance of the science of public administration will be regarded as the paramount criterion.]

BIOGRAPHY—POLITICS

I

King Edward VII: A Biography

By SIR SIDNEY LEE. Vol. II. The Reign, 22nd January, 1901, to 6th May, 1910. (Macmillan & Co., Ltd., London.) Price 31s. 6d.

It is much to be regretted that Sir Sidney Lee died before he had brought to a complete conclusion his *Life of King Edward VII*, but, as the introduction to this volume tells us, he had collected "almost all the material necessary for the compilation of the second volume. He had sorted and classified this material; he had planned all the chapters and sections; and he had written considerable portions of his final narrative." In addition to this he had embodied the conclusions he had arrived at in memoranda and had personally communicated to those to whom he bequeathed it, his opinions and desires. This volume therefore is in effect to a great extent his work. Recognition of this must not prevent us from recognizing the admirable manner in which Mr. Markham and his assistants have done what is always a very difficult task, that of completing a book begun by some one else. In many ways indeed this volume is a great improvement on its predecessor; it is more tightly knit together; the style is less cumbersome; there are fewer of the unnecessary dissertations on matters of common knowledge. Something indeed of this we still have, especially in the first chapter; it was surely unnecessary in introducing the subject of the relations between the King and Mr. Chamberlain, to give a formal character sketch of the latter ending with the remarkable sentence: "The King was attracted by this scintillating product of the Midlands." But we have comparatively little of this sort of thing.

To a large extent this is obviously accounted for by the great mass of material which has to be dealt with, and the interest and the importance of the narrative. Naturally enough in this volume political and public affairs take the first place. Of special importance are the several chapters

Reviews

dealing with foreign affairs. We have now an authoritative and well-documented statement as to this much debated matter; there are, for instance, many private letters exchanged between the King and the German Emperor. The whole tone of these chapters is, moreover, much better than in the first volume; there, as we pointed out,¹ Sir Sidney Lee seemed to be running into the danger of making the estrangement between England and Germany a personal matter between the Prince of Wales and his nephew; in this volume he makes it quite clear that though there was on many occasions irritation and annoyance, the personal aspect was always subordinated to the public interests of the country. The volume enables us also to appreciate justly the value and importance of the King's contribution to the conduct of foreign affairs. In this connection there stands out the very interesting account of his historic visit to Paris in 1903; from this we can see how his personal qualities, his courage and *bonhomie* were a real contribution to the settlement of political differences. Equally important, though of a different nature, is the memorandum by M. Isvolsky, now published, of conversations which he had with the King at Copenhagen, which was a very important step towards the eventual settlement of the differences with Russia, carried through by Sir Edward Grey and the Foreign Office. The authors rightly protest against the misleading conception, which became common in Germany, that the King was deliberately carrying out a policy of what they called "encirclement."

Of great interest also is the account of the King's relations with his ministers. From the beginning he showed that he had no intention of becoming a mere signing machine; he continued in his mother's footsteps; he insisted on having a full explanation given to him of the measures which were introduced and the policy which was being pursued, and in some matters, especially in all concerning the army and the navy, he formed a clear and definite judgment which he pressed strongly upon his advisers. While he never went outside the strict limits of a constitutional monarch, he made his views heard and his will felt even when, as often happened, he was unable to attain all that he desired. This is especially true in regard to all personal matters. Again and again the King showed a sense of values and proportion and a just discrimination, where the Ministers failed. How curious it is to find that Mr. Balfour proposed to appoint an American, Admiral Mahan, as Regius Professor of History at Cambridge! the King rightly refused the suggestion, which as it appears to us had nothing to recommend it. Again, his common sense and straightforwardness is admirably illustrated by the objection he raised to the declaration against transubstantiation which was included in the coronation oath; all the efforts of the King to get rid of this were, however, frustrated during his reign by the bungling of the

¹ See *The Journal of Public Administration*, April, 1925.

Public Administration

Government. It was not until after his death that the Liberal administration dealt satisfactorily with the point. He had a more difficult task when he attempted to place some restriction on the violence of the language used by his Ministers, especially by Mr. Lloyd George, in their attacks upon the House of Lords. No one can read this volume without recognizing the great value of having an independent observer and critic, who by the very fact that he was placed above all party considerations, could exercise a restraining and moderating influence when, as not infrequently happened, partisan feeling was leading both sides astray and threatening to obscure the true interests of the country. It is a point of view to which Admiral Fisher characteristically gave an exaggerated expression: "It's a jolly good thing we have a King who knows how to act, as cabinet ministers seem to me always like frightened rabbits!"

The book, then, is a really valuable contribution to our knowledge of the history of the country during the momentous years of King Edward's reign. Many secrets of state are disclosed and much light is thrown on the practical working of the British constitution. It is a book, therefore, which will have to be referred to and used by all students of history and of current affairs. In one matter indeed it fails. Every account of King Edward lays stress on his personal charm; this is abundantly illustrated by the numerous quotations which the authors rightly give us from the writings and memoirs of his personal friends, men such as Lord Redesdale, Lord Esher, Sir Felix Semon, Baron Eckardstein, and so far as it brings together within one volume the picture of the King's life and personality which we ought to have, it serves his memory well. We still regret that the book itself is without the charm and distinction of manner which the subject might well have deserved; for this reason, as well as because of its great length, which perhaps was unavoidable, it will not make him known to the great mass of popular readers.

A. A. A.

II

A Philosopher-President

The Making of a State, 1914-1918. By DR. T. G. MASARYK, President of the Czechoslovak Republic. An English version, arranged and prepared with an introduction by H. WICKHAM STEED. (London: George Allen & Unwin.) 21s. net.

OUTSIDE the Foreign Office, and probably outside most of its departments, few Civil Servants in August, 1914, would have shone in an examination in the history and politics of the region now known as Czechoslovakia. Even during the Peace Conference a distinguished statesman, less pretentious than some others, confessed to being ignorant of the whereabouts of

Reviews

Teschen. The change in the facts and in our knowledge of them is mainly due to the work of one man, Thomas Garrigue Masaryk, who in the volume before us has told the story of the founding of the Czechoslovak Republic of which he is the first President.

The story is one of the most remarkable connected with the Great War, and it is told here not only with disarming modesty but with the artlessness of the best conversation. The writer moves from one topic to another, without any obvious plan, and with many digressions, but the result at the close is similar to what one feels after listening for an evening to a man of action with a gift for vivid and accurate reminiscence.

The Czechs are a branch of the Slavs, who were in process of being Germanized, when John Huss raised the banner of national and religious freedom in the fourteenth century. That sense of nationality has never since been lost, but it was always in danger of being smothered and extinguished by German, Austrian, and Magyar influences. Hopes of recovering their political independence, lost as a result of the Thirty Years' War, had never quite disappeared, and able writers had fed the national spirit in prose and poetry by idealizing the old Czech peasant qualities. It was the World War which brought the opportunity of deliverance and with it the man who could seize it and use it. In Plato's ideal state philosophers were Kings. Masaryk comes as near Plato's desire as we are likely to see in our day. His father was a coachman on one of the Imperial estates. He brought up his son as a blacksmith, but under pressure from a former schoolmaster, the parents were induced to send the youth to the gymnasium, where he supported himself by tutoring. A college professorship, journalism, and a political career followed—all of them dedicated to the task of the moral education of the Czech people and their emancipation from Austrian subjection. He did for the Czechs what Mazzini did for the Italians, gave them a philosophy of nationalism.

Throughout the *Making of a State* we are in contact with a thinker who deliberately prepared himself for the task of a master-builder. The literature of European politics is an open book to him. He has thought out the rôle of the small nation with great states as neighbours. Away from Prague he misses no opportunity of studying the art of Government. He visits the Swiss Cantons and examines the relation of federalism to democracy. The statue of Rousseau, which he saw daily at Geneva, "brought again to my mind the whole problem of Rousseau and impelled me to study it anew." In Rome he pondered on the work of the Romantics, Realists, Futurists, seeking for an answer to the question whether Italy would or could join Austria and Germany against the Allies. From childhood he had grown up in spiritual association with France, became familiar with the works of Diderot and Voltaire, de Maistre and de Tocqueville, and some of the most penetrating pages

Public Administration

in this book deal with the contrast between French and English literature. In addition to an immense output of propagandist writing Masaryk has made solid contributions to social philosophy in his studies of Huss, Pascal, Hume, Buckle, Marx, and in his book on the *Spirit of Russia*. But we cannot in this short notice linger on this aspect of a "European" mind. We shall quote only one illuminating passage dealing with the theme which Professor Conway recently illustrated in the relations of Virgil and Augustus. This is what Masaryk writes of poetry and government :

"Poets, too, have ever been the creators and wardens of national and political ideals. I, to whom the connection between politics, statecraft, and poetry has always appealed, have sought deliberately to refine my power of imagination by reading the best poetry, and have striven, as a realist in art, to attain Goethe's 'precise imagination.' The statesman is akin to the poet. In the true Greek sense of the word he is a 'creator'; and without imagination, no creative, world-wide policy on big lines is possible."

If one felt sure that a Chair of Poetry at the London School of Economics would kindle the imagination of our budding administrators we should be inclined to urge its establishment upon Sir William Beveridge—but we are not sure that this would be as effective as a post in the Ministry of Labour, where poetry and drama are endemic.

In December, 1914, Masaryk left Prague for Italy by way of Vienna, and for four years he moved through the countries of the Allies advocating Czech independence and organizing with a small band of able leaders, the best known of whom was Dr. Benes, opposition to Austria. The refrain of their propaganda was "Break up Austria!" and this policy they successfully imposed upon the Allies. They were much helped by two able Englishmen, Mr. Wickham Steed, who edits this book, and Dr. Seton Watson. The greatness of their achievement can only be realized by recalling the prevailing views of the Great Powers about the Balkans at the outbreak of war. Naturally German publicists proclaimed that Bohemia was essential to their Berlin-Baghdad policy. Had not Bismarck declared that the master of Bohemia is the master of Europe and that an independent Bohemia would be at the mercy of Russia? The Allies were far less hostile to Austria than to Germany, and much of the labour of Masaryk and Benes was directed to convincing London and Paris that Austria-Hungary was "a corrupt, imperialist, militarist, pretentious, and senseless relic of the Middle Ages." The fight for the creation of the Czech State had to be waged in France, Italy, and Russia—that was another remarkable feature of the struggle. It was carried through by force of arms on foreign soil, and the story of the raising of the Czech Legions and their exploits later in Russia, Siberia, and on the Western Front is one of the great epics of history: "an army on foreign soil, without a Government, without a span of territory, that is recognized as

Reviews

a nation." G. M. Trevelyan should do for this "Anabasis" what he did for Garibaldi and the Thousand. Meanwhile every reader of this book will be deeply grateful to Mr. Wickham Steed for the care he has lavished on the English edition. It is a work of permanent value, for it is not only a unique historical record of one phase of the World War, but it is also the revelation of the character of a great scholar, patriot, statesman, and citizen of the world.

M. M.

THE WHITEHALL SERIES

III

The Treasury

By SIR THOMAS L. HEATH, K.C.B., K.C.V.O., F.R.S. (G. P. Putnam's Sons, Ltd.)
7s. 6d. net.

THIS book is a storehouse of facts of all kinds and degrees of importance, of the accuracy of which the name of Sir Thomas Heath and his record in the Service are a sufficient guarantee. It traces the steps by which the Treasury as we know it to-day has evolved, through the ancient Exchequer from the yet more ancient Curia Regis, into the unique central ganglion of control which in the British polity is so much more than the Ministry of Finance in other systems as to justify Mr. Lloyd George's saying that, with us, Finance is Government. It sets forth the functions and responsibilities of the political working heads of the Department (Chancellor of the Exchequer and Financial Secretary), its internal organization and methods of work, describes its relations with other Government departments and its control of the Civil Service, and tells the history of buildings and furniture with one or two good stories of messengers.

Accepting, for the moment, the plane on which all these subjects are dealt with, and remembering that the Whitehall Series, to which the book belongs, aims at providing authoritative information for Members of Parliament, Civil Servants (and candidates in search of information), Municipal Workers, Journalists, Students of administrative methods, and the general reader interested in the government of his country, there are few gaps to be found, the most noticeable being perhaps the absence of all reference to the cost of the Department and the scales of Civil Service salaries (though the salaries of the political secretaries are mentioned), and, on the historical side, complete silence as to the Commissariat Branch of the Treasury which, until its hurried transfer to the War Office during the Crimean War, conducted at first hand the provisioning and transport of our armies in the field.

A few details may be noticed. In the general description of the

Public Administration

British financial system occurs the sentence (p. 40): "the relation between the two terms will perhaps best be realised by means of the analogy of a box and its contents, the Exchequer being comparable to the box and the Consolidated Fund to the public money contained in it." Mr. Hawtrey, in his little book *The Exchequer and the Control of Expenditure*—a work with which his old chief is of course perfectly familiar—says emphatically: "The Exchequer is not a receptacle: it is a Government department and entirely distinct from the Treasury." There is, of course, no real conflict between these high authorities. Sir Thomas is writing not so much of the Exchequer as of the Exchequer Account, called also the Consolidated Fund Account. Mr. Hawtrey is emphasizing the survival to the present day, in the Exchequer and Audit Department, of what he shows to have been the characteristic function of the Exchequer throughout, *viz.* to ensure that public money is issued only for duly authorized purposes.

In the chapter on the Functions of the Treasury, well-deserved acknowledgments are made of the way in which the constant interplay of the Audit Department (calling for Treasury authority not only for breach of regulation but, in the absence of regulation, for any and every detail) and the Public Accounts Committee (with the Comptroller and Auditor as its guide, philosopher and friend, and the Financial Secretary of the Treasury entrenched as a member) with the Treasury itself (issuing orders on the Committee's reports) has helped the process of centralization of details which has made such great advances within living memory. It is also shown how the new machinery of the Cabinet Secretariat has been called in to stop depredations on the heroic scale by enthusiastic Cabinet Ministers short-circuiting the Treasury. But one rather opens one's eyes on reading that "from the Restoration until the end of the reign of George II, Treasury control over Army and Navy as well as Civil expenditure was much more direct and minute than it has ever been since," the Treasury seeming then "to have performed the functions now assigned to the Finance departments of the Admiralty and War Office as well as those which still belong to it." In illustration of this a regular weekly agenda paper for the sittings of the Treasury Board on each day of the week is reprinted, dated August, 1710.

As regards Army business, it is at this point that the picture might well have been completed by a reference to the fact that, whatever may have been the exact system in 1710, a century later the Treasury not merely controlled but itself carried out at first hand in war practically all Army expenditure but Pay and Ordnance, with which latter the War Office (Secretary at War) had nothing to do. In 1710 the War of the Spanish Succession was in progress and no doubt the Treasury was finding the week-to-week provision of cash (as the agenda shows) its most pressing anxiety, necessitating frequent conferences with the paying officers of all

Reviews

Services. But in peace the regiments of the Army were self-administering units, fed, clothed and "farmed" generally by their Colonels out of the sums voted as pay; and of the details of all this expenditure the Treasury was happily unconscious.

The chapter on The Treasury and the Departments is very human. It frankly and ingenuously confesses that Treasury control over a particular department is determined not (as might have been imagined) by the application of fixed principles, but by tactical considerations of the prestige and strength of the opposite number for the time being; and that the tone of official letters may be similarly affected. A letter in words of one syllable to the "War Lords" in Pall Mall, drafted (but not sent) by the Permanent Secretary of the Treasury himself as the only suitable reply to the "ignorance or obtuseness" of those functionaries, is said to be still a cherished possession of the Treasury; and there are other happy memories of successful scores. *Tantæne animis celestibus . . . ?*

The War Office should not be included in the list of departments with which the Heads of the Treasury held weekly meetings during the war, to settle urgent proposals out of hand. At the very beginning of the war, Sir John (Lord) Bradbury had realized that armies of millions could not be raised and trained under the meticulous rules of peace, and basing himself broadly on the dictum that "Treasury control is just what the Treasury likes to make it," had agreed that the Secretary of State or Financial Secretary at the War Office might authorize building works or other schemes of a kind normally requiring Treasury approval (but reserving to the Treasury such specialities as rates of pay, etc.), on giving a formal personal certificate that the urgency of the case did not admit of the delay involved in getting Treasury authority. This plan put the direct responsibility on the individual Minister, with wholly satisfactory results, and saved time when it was more than money.

The chapter on The Treasury and the Civil Service, in tracing the gradual division of the servants of the Crown into the political class, qualified to sit in Parliament, and the non-political class who could not sit, mentions the Act of 1782 disfranchising revenue officers and postmasters. It might have been added that this Act was passed at the urgent request of those unhappy men, who had reason to fear that one side or the other would abandon the good old British tradition by which each party respected the other's jobs, and introduce something like the American Spoils System. As regards civil rights generally, things have moved so fast in the past two years that it is not to be wondered at that the position is not brought up to date.

There are passages (pp. 173, 176) which might seem to claim that the great reform of the Civil Service, dating from 1855, was the work of "the Treasury." There is, of course, a sense in which this was true, in that Gladstone was Chancellor of the Exchequer and Sir Charles Trevelyan a

Public Administration

Secretary of the Treasury when they (and others) put their backs into the reform, and that Orders in Council on the subject were drafted by the Treasury ; but my recollection of the contemporary Parliamentary papers does not suggest that the then permanent officials of the Treasury showed any particular enthusiasm for open competition or for a two-story Service ; indeed, the Auditor of the Civil List (one Arbuthnot) made a strong attack on the Northcote-Trevelyan Report ; and that awkward semi-detached Patronage wing of the Treasury doubtless had views of its own, not placed on public record, of which the nature may be guessed.

The new departure in Treasury control of the Civil Service marked by the creation of the great Establishments Directorate there, and the consequent setting up of Establishment Directorates, as its counterparts, in all other large departments, with directors irremovable unless by fiat of the Prime Minister and exempted from financial control, is not brought into the prominence it deserves.

But, after all, these are minor details, not to be regarded as detracting in any appreciable degree from the value of the book in its series. It remains to consider it from the special point of view of this Journal, i.e. to attempt to assess " its particular value in its relation to the advance of the science of public administration." And here, doubtless by reason of the scope laid down for the series generally, its value is disappointingly small. The method of treatment of the present Treasury, in every aspect, is almost purely descriptive ; the historical parts give the facts but avoid any attempt to make the dry bones live. There is practically no criticism of any feature, no recognition of another side to any question.

A book on the Treasury, written by a distinguished ex-Secretary, from another point of view and with a larger scope, might be expected to deal with many of the most interesting and important administrative problems of the present day. How willingly would one exchange most of the catalogued details of the Parliamentary duties of Ministers, the allocation of work between the several divisions of the office, the methods of constructing office files, for a like number of pages devoted to such points as the structure prescribed by the Treasury for the Estimates and Accounts of all Departments and their utility for rational control of expenditure ; the cry for the " rationing " of the Departments ; centralization and its limits (if any) in the relations between the Treasury and the Departments, with its important effects on size of staffs and its vital psychological influence on the mentality and character of the official ; the dividing-line between general financial control and technical or administrative supervision, and the difficulty of maintaining it in practice ! Tantalizing as it must have been to Sir Thomas Heath to refrain from dealing with these and other such problems, he is to be congratulated on his success in concealing his awareness of their very existence.

C. HARRIS.

Reviews

IV

The Post Office

By SIR EVELYN MURRAY, K.C.B., Secretary to the Post Office. (G. P. Putnam's Sons, Ltd.) 7s. 6d.

THIS book, as the author frankly tells us, is a little difficult to classify. It is not, he says, a comprehensive history or a treatise on administration, but a plain straightforward account of the development of the Post Office Services and a description of its functions, and he also draws attention to the difficulties of a serving Civil Servant in dealing with his own department ;—indeed these are so great that the author is to be congratulated on the skill with which he has overcome them ; finally, he says, truly enough, that the subject is so vast that each section could be expanded into a volume.

To all these difficulties for the poor reviewer has to be added that the book is specifically directed to the layman and not to the civil servant. The result is that we get a mixture of excellent description and subtle advocacy, and the average layman will probably rise from the book with a feeling that the Post Office is not only a wonderful machine, which it is, but that it is perfect in every detail, which it is not ; indeed, one ecstatic reviewer, who incidentally was not a layman, improved upon Sir Evelyn and said that the book proved that the Post Office was never as efficient as now.

Sir Evelyn Murray is far too able to write anything like that, but his book conveys that impression, and we can only say that while satisfaction with his job is not a bad thing in a subordinate, it is an evil in a chief. The book opens with a good summary of the early posts which traverses the ground covered by Joyce and Norway in books now out of print, and there follow a number of chapters dealing with separate sections of Post Office work. In the chapter on Finance the author makes the interesting suggestion that in the place of the present misleading system of accounts, the Exchequer might agree to commute for a fixed annual sum from the Department, which would have the double effect of simplifying the national accounts and liberating any balance for the reduction of charges on the improvement of services.

It is not easy to see how Treasury control of expenditure could be maintained under such a system without a material weakening as Sir Evelyn suggests it could, and when he writes that the pay and conditions of Post Office servants must be in strict relation to those applicable to other Departments, he commits himself to a sentiment which will make some of his predecessors turn in their honoured graves.

The Inland Mails and the Travelling Post Offices are lucidly described, as is the new Post Office Tube, but there is a small slip about the Parcel

Public Administration

Post which service really dates from 1883 and not 1882, as stated, although we believe the authorizing Act was passed in the earlier year. The changes brought about by the air services in the continental posts are noted, and it is indeed fascinating to remember that a hundred years ago the mail to India might take as much as six months, and then to think that shortly letters to Calcutta may be delivered in about a week. Every Post Office man has to explain the Telegraph transactions of 1868 onward, and Sir Evelyn strikes the happy mean, avoiding the excesses of those who denounce the old companies as rogues and the others who say that the Post Office people were fools. But there is no doubt that the company men had good business instincts. The author refutes the charge of the dead hand of the deficit being due to the excessive price paid by referring to the revaluation in 1912, and reveals the interesting facts that the abolition of carbon copies of telegrams effected a saving of £10,000 a year, and the "walk" system of telegram delivery no less than £70,000 a year. We naturally take these figures on the great authority of the Secretary of the Post Office, but we frankly doubt whether his statement that the average pay of a telegraphist now exceeds eighteenpence an hour would stand expert scrutiny, but on the question of wage costs the Post Office has always put the best side in the window. Few people realize how costly the telegraph service is; for example, how many know that one great storm in 1916 cost the Department no less than £600,000, or the great expense of the cable ships; indeed, how many know that the Post Office has any ships at all? On the Telephone system the author writes in more restrained language than he need, for the Post Office has been pretty badly treated by a thoughtless public, and still worse by the politicians, for there is at least one eminent man who climbed the political ladder by making unjust attacks on the Post Office over the telephones, but Sir Evelyn probably thinks it is no use crying over spilt milk, and the telephone organization is one to be proud of. His comment in the short chapter dealing with the staff that whatever modification Whitley machinery may undergo, its main principles are likely to remain unshaken may be commended to those Staff representatives who cultivate the "Whitley Whine," and whenever they fail to attain their objects, cry for its suppression by something more active, whatever that may mean, for there is no doubt that Sir Evelyn is right.

If we are to deal with a very important matter we must leave many other sections with just a word of gratitude for them, and it is the general air of perfection with which we quarrel. The Post Office, like any other institution, can only progress either by kicks from the outside or by searchings of hearts within. We dislike the first and miss the second in "The Post Office." Sir Evelyn goes out of his way to defend the present high postage rate, but no Post Office man can really defend it, and the Chancellor of the Exchequer might be left to make the reply of the man

Reviews

who was asked why he changed five shillings for a cup of coffee and said, "Because I need the money." Then when he tells us that the theory that the Treasury and the Post Office are always fighting is a myth, it is just possible to suggest that it might be better for the public if they did fight now and then, for if Treasury control means the maintenance of excessive charges simply to strew the Chancellor's path with millions, the Post Office is neglecting its first duty if it makes no protest, but it is the rather smug conclusion which raises our ire. If Harrods' or Selfridges' admitted, as does Sir Evelyn, that they had raised their charges 50 to 100 per cent, we might bear it with philosophy, though we doubt that if they admitted, as did Mr. Raven at the Industrial Court, that at the same time they had reduced the efficiency of their main services by 50 per cent., we should be comforted by the assurance that "no one is more alive, etc., etc." We should indeed transfer our custom elsewhere, but we cannot do that with the Post Office. The mischief of this kind of thing is that it is directed to the layman with the authority of the Secretary, and many will accept it. We wonder whether Sir Evelyn has read the fable of the Hadji. A man went to the Hadji's house to borrow an ass, but the Hadji, not wishing to lend it, said the animal was not at home. Just then the ass brayed in its stable, and the man said, "Why, Hadji, there is your ass." The Hadji gravely replied: "My son, wouldst thou believe the word of an ass rather than that of a venerable Hadji with a long grey beard?"

We are sure Sir Evelyn would not care to go down to history as the Post Office Hadji.

G. H. STUART-BUNNING.

V

The Board of Education

By SIR LEWIS AMHERST SELBY-BIGGE, Bt., K.C.B. (G. P. Putnam's Sons, Ltd.)
7s. 6d. net.

SIR AMHERST SELBY-BIGGE has performed a threefold task with much success. Firstly, he has endowed a phantom Board with a living spirit. Secondly, he has written an interesting narrative for the man in the street. Thirdly, he has furnished the student of educational administration with many sidelights on the working of an important Government department.

Throughout his book he displays the capacity of a distinguished Civil Servant, the ability of an expert administrator, and the imagination of a cultivated mind. Sir Amherst retired on 3rd April, 1925, after fourteen years' service as permanent secretary to the Board of Education, and by his retirement (the Board say in their annual report) "the public service has lost a loyal servant, a great administrator, and a true friend of education."

Public Administration

One can well believe it.

It was a happy idea on the part of the author to devote a chapter to explaining what the Board does not do. Not many members of education committees or even educational officials realize that the Board have no general power to interpret the Education Acts or determine questions of law. Although by statute the Board are given the power to determine certain questions of fact, these frequently involve points of law which, in the past, have necessitated reference to the Courts for an authoritative decision. The real influence of the Board lies in the power of the purse; they no longer possess that of dissolving local education authorities, and of appointing other persons in their place, such as was possessed by the Education Department under the Act of 1870 in dealing with defaulting School Boards. It is a little confusing to the student of our educational system of central government to find that the Board of Education have no direct powers in regard to such matters as the salaries of teachers, medical inspection and treatment, the raising of loans by local education authorities for capital works, and the auditing of their accounts, nor reformatory and industrial schools, poor law schools, etc.

In his chapter on what the Board tries to do, Sir Amherst stresses the chief function of the Board, viz., the superintendence of education, and rightly emphasizes its significance as a service which exists for the national welfare, locally administered. It follows that the principle of "continuity" should be a leading factor in the activities of the Board. But in this respect, local administrators often cannot avoid the reflection that the chief element of continuity in the history of the Board is its business to obtain money from Parliament for distribution to local institutions. It is certainly true that the ultimate source of the Board's influence and the only effective sanction of its requirements is the stubborn fact that the Board is paymaster general for public education—supplemented, of course, by the local rate for education. It is interesting to consider the means by which the Board seek to attain their objective. These are stated to be (1) regulations, (2) inspection, (3) the training of teachers and regulation of staffing, and (4) the dissemination of information and the initiation of machinery for inquiry and consultation.

On each of these heads, Sir Amherst has some cogent remarks. The regulations, he says, have passed through a process of evaporation, leaving a residue of financial solids. Leaving also some doubts in the minds of local education authorities and their officials as to where they stand in regard to such important matters as the recognition of Shakespearean performances as educational visits, the standard schedules of school accommodation, and the exact meaning to be attached to the phrase "approved establishment" of teachers. While the aim of regulations may, as our author observes, will be to render themselves unnecessary, it is always open to the Board of Education to come down on the horse

Reviews

of local education with the whip. Under the revised forms local education authorities are, in the words of the Board's circular, to have "a wider field for the exercise of their discretion, but, and it is an important "but," the principle of generalization followed by the Board in the revision may lead to undue weight being attached to such general terms as "recognition," "approval," "satisfaction," "efficiency," "sufficiency," and "suitability." It is here where the partnership between the central and the local authorities will feel the strain, and this fact will throw a heavy responsibility upon Ministers of Education in the years to come.

Sir Amherst, in his remarks on the principal features of the Education Act of 1902, rather ignores, we consider, the part played by local education authorities in the organizing and planning of educational facilities as part of a definite scheme of progress. Indeed, he admits as much when he says that the Act of 1918 gave the initiative in the construction of a national system to the local authorities. Again, we think, not enough credit is given to the part played by local authorities, their officers and teachers in the settlement of the very thorny question of teachers' salaries. However, these blemishes do but amount to little in a volume devoted to a single Government department, although it may be permissible to reflect whether it is not due to a habit of thought which high officials in Whitehall must find it difficult to counteract.

Sir Amherst puts the vital question into the mouth of the Central Authority, which is often on the lips of the man in the street, what is the value of the service of education, and is it worth the money spent upon it? Some space is devoted to the answer in an interesting chapter, from which it is useful to quote. "It is difficult even for the experienced administrator to formulate in terms satisfactory to the plain man, such subordinate and proximate criteria as can be usefully applied to the criticism of what is actually done by the schools or institutions or by the system to which they contribute." Costs, our author notes, can be ascertained, but precarious are the conclusions which may be drawn therefrom. Truly, "the value of education is often over-estimated by those who have had little of it, and under-estimated by those who have had much of it." On this a former Master of Balliol: "Education is that which remains after one has forgotten all one has been taught."

In the result, Sir Amherst pleads for "long views" in public education, and he might have added—great faith in the Englishman's common sense.

Many old memories are revived in the chapter dealing with Education Finance, with its long struggles, not yet finished, as to the best method of distributing Parliamentary monies to the advantage both of the State and the public. Members and officials of local bodies are still apprehensive of a "block grant" administered with an eye on section 14 (1) of the

Public Administration

Economy (Miscellaneous Provisions) Act, 1926—with its due regard to "the general standard of expenditure on corresponding services in other areas." They have reason for this. The futility of comparisons (always odious) with other areas has long been accepted by experienced officials in the education service. For instance, compare the sizes of such areas as Rutland, Lancashire, and London. And the ugly "rationing" which took place in the years 1922-24 (without any legislative sanction) still linger in their memories. In these circumstances, it is not surprising to read that the problem of retaining the necessary measure of central control, together with the great advantages of local responsibility and initiative is one of high statesmanship in the field of education.

Frequent criticism in the past has been directed to the Board's inspectorate, and this fact is very fairly discussed by Sir Amherst, whose observations as to the fallibility of a large body of men and women, with different interests, working in a varied field, are well worth reading. He votes solidly for the constructive work which the inspectorate should set in the forefront of their duties, and the need for the constant exploration of problems and their settlement on common lines of action; thus leaving the detailed inspection and guidance of individual schools and teachers to the inspectors on the staff of local authorities.

As may be expected, Sir Amherst has somewhat to say on the difficulties peculiar to the position of central administration, and his illustration of the "peaks and valleys" in the educational landscape is both happy and illuminating. He is undoubtedly right in the view that steady and healthy progress in public education depends on the continuous support of public opinion—easily to be shaken by extravagance or the appearance of extravagance. Nor is the adviser to the Minister immune from the larger problems of Imperial and local taxation. It is not, therefore, surprising to find that the chief permanent official at Whitehall has to be both alert and imaginative all the time.

Finally, the partnership of the local education authorities with the Central Department is exhaustively discussed in the chapter dealing with the former bodies. Under the Act of 1918, the local service is to be systematic, comprehensive, progressive, and available to all capable of profiting by it. The dominant partner has the duty of securing the "adequacy" of education as a contribution to a national service, while the local partner retains the initiative for its construction. The enterprise is a joint one with reciprocal duties and responsibilities for the national interest.

Altogether one can earnestly commend Sir Amherst Selby-Bigge's book to every person who is interested in or connected with the large, complicated, and important, machinery of public education.

A. E. JACKSON.

Reviews

VI

The Ministry of Agriculture and Fisheries

By SIR FRANCIS FLOUD, K.C.B. (G. P. Putnam's Sons, Ltd.) 7s. 6d. net.

THE author of this book had been for seven years Secretary of the Ministry of Agriculture and Fisheries when, just before its publication, he was appointed to the Chairmanship of the Customs. In the chapter dealing with "Staff" he writes, "More than half of the administrative staff of the Ministry began their careers in the Second Division of the Civil Service, and it has always been the policy of the Department to afford all possible opportunities of advancement to capable junior members of the staff, irrespective of rank or label." As he says, in this respect the Ministry of Agriculture has been exceptional. Sir Francis himself, who began his career as a Second Division Clerk, embodies a justification of this policy, but it should not fail to be recorded that its adoption, in the face of criticism and opposition, was the work of the late Sir Thomas Elliott, who had also risen from the junior ranks of the Service. On him fell mainly the task of building up a Department, for which there was no precedent, to serve the interests of one class of the community (Fisheries being tacked on later)—a class which is not easily served or satisfied.

The principle on which the higher staff of a Department such as this should be organized involves a question of some interest. From the Civil Service point of view, naturally all posts should be filled only by those who have entered the Service by the authorized gates, excepting only such posts as must be filled by professional men, e.g. lawyers, doctors, architects, etc. Sir Francis Floud supports this view. He thinks that the Civil Service system of entrance and training "produces a type of administrator who is adaptable to many different types of work, and acquires a capacity to deal effectively with all the ordinary functions of Government." He adds, "Nothing would be gained and much would be lost by staffing the Ministry of Agriculture and Fisheries with nothing but practical farmers and fishermen."

Both these propositions are undeniable, but they do not dispose of the question. The ordinary business of the Department can best be carried on by those trained for the business, and no one is so foolish as to think that it could be efficiently done by farmers and fishermen. But the public interest must be paramount, and in the early days of the Board of Agriculture, before it became a Ministry, it was highly important that it should win and retain the confidence of agriculturists. Thus it was that men well-known to farmers like Sir Jacob Wilson, Major Craigie, Sir Thomas Middleton, and Sir W. Somerville by joining the staff of the Board gave an assurance, which no officially-trained men, however capable as administrators, could give, that agricultural affairs were dealt with understandingly.

Public Administration

Another question of interest in connection with the staff is referred to. Sir Francis states that it is the practice of the Ministry to regard its administrative and clerical staff as interchangeable between the different branches of the Department. This is a practice of very recent adoption, and it is well known that it has been thoroughly, not to say drastically, carried out. There is, of course, much to be said in its favour, especially from the point of view of the officials, who thus get a change of work, are taken out of a groove, and acquire, as is claimed, "a wider outlook." But it may be questionable if the system increases the general efficiency of the office, which is, after all, the main consideration. The Ministry of Agriculture has many branches, most of them dealing with subjects which are not only intricate but in a large measure technical. To deal with them efficiently a knowledge of practice and precedent only to be acquired by long experience is essential. It may be doubted whether the interests of the public are better served, and the efficiency of the Department as a whole increased, by removing men from work in which they have become proficient—having frequently taken special trouble to become so—to work which they have to learn from the beginning. Of course in cases of promotion transfer from one branch to another is often necessary, but transfer merely to provide a change of work for an individual seems open to criticism.

When in 1889 the Board of Agriculture was established to satisfy the insistent demands of agriculturists for a separate Department of State to look after the interests of "the greatest industry," the demand was grudgingly granted. Those were the days when additional public expenditure of even a few thousands was assented to by the Treasury only under severe pressure. A generation which has seen public Departments multiplied with little consideration and lavish expenditure cannot realize the prolonged struggle which occurred to establish a new Department in those days. As a matter of fact the Board of Agriculture was an amalgamation of two quasi-independent Departments, viz. the Land Commission and the Agricultural Department of the Privy Council. In addition to the duties thus entrusted to it the Board was charged with the responsibility of promoting the general interests of Agriculture and Forestry, encouraging agricultural education and research, and collecting statistics and other information. The first vote was for £55,000, being £7,000 more than the cost of the two "parent" institutions, while the total staff was reduced by one, and numbered ninety in all. At the present time the staff of the Ministry (excluding the Ordnance Survey and Kew) numbers 1,400 full-time officers, of whom 950 are employed in London and the remainder in the provinces. The annual vote is about £2,000,000. This in a country which "neglects" Agriculture shows remarkable progress.

The author gives in sixteen chapters a detailed description of the work of the various Divisions of the Ministry. The list of subjects coming

Reviews

within its purview gives a good idea of the complexity of English Agriculture and the English Land system. It includes Diseases of Animals, Education and Research, Small Holdings and Allotments, Plant Diseases, Economics and Statistics, Tithe, Copyhold, Commons, Glebe Land, University and College Estates, Labour, Land Drainage, and many others. By one of the anomalies characteristic of our system of administration the jurisdiction of the Ministry extends to Scotland in regard to Diseases of Animals, but for all other subjects is confined to England and Wales.

The book is a clearly written, well-arranged, and straightforward description of what the author aptly terms "the most human of all Departments."

HENRY REW.

LOCAL GOVERNMENT

VII

- I. The Modern Development of City Government in the United Kingdom and the United States. By ERNEST S. GRIFFITH. (Oxford University Press.) 2 vols. ; xix + 745 pp. 42s.
- II. The Government of European Cities. By W. B. MUNRO, Professor of American History and Government in Harvard University. Revised edition, 1927. (The Macmillan Company.) 432 pp.

I

AN excellent subject, a great deal of painstaking research, two imposing volumes containing much suggestive information, but on the whole a somewhat disappointing result—that summarizes the reviewer's feeling after reading Mr. Griffith's work. One feels that the author does not get to grips with his subject, that he attempts to cover too much ground, and that, despite the masses of facts, he does not appreciate adequately how local government really works.

His principal conclusion is the advantage of home rule for municipal government, a good arguable proposition on which much can be said on both sides. He bases this conclusion on the experience of the cities of the United States ; but he does not appear sufficiently to appreciate that so-called home rule may mean something much less than freedom of government (as Professor Munro says, "Municipal Home Rule may mean much or little. In some States it is hardly more than a pleasing phrase") ; that cities of the United States with "home rule" may have far less real liberty of action than English towns (the prevailing controversy as to repayment of municipal loans is an interesting indication in this respect, most even of the municipal reformers holding that cities, big and small, should be restricted to the issue only of serial bonds—not much sign of trust here !) ; and that any evaluation of municipal "home rule" as worked in the States requires a much deeper study than the author has given to it, apart from the fact that any genuine home rule has not yet

Public Administration

prevailed for sufficient time to warrant any but tentative conclusions. There can be little question that the general standard of local government in this country is well above that in the States, however much we can learn, and should learn, from particular places and on particular matters.

The author's method may be illustrated in the comparison of education in this country and in the United States, a rich field well worth ploughing, especially because of the general attitude of adoration towards education in the latter country, the money which they have freely poured out for it, and the many interesting experiments which they have made. The study is restricted to local government and, therefore, cannot be expected to deal fully with other factors; but that is no reason why they should not be taken into account, why even in comparing expenditure, account should not be taken of the different price levels in the two countries. No endeavour is made to ascertain the real results as distinct from facilities and expenditure, and no reference to the question which is now raising its head as to whether an adequate return is being obtained from the vast expenditure of money, a question which goes far deeper than even the high proportion of illiterates disclosed by the War survey. It would scarcely be fair to the author to expect him to enter fully into these matters, but this very fact suggests that he attempts too much.

The field is still open for a really informative comparison of municipal government in this country and the United States. In the meantime, the author has provided a number of interesting facts and some suggestive discussion of the subject.

II

The United States is very prolific in writings on government, and Professor Munro is among the most prolific of writers. The professors of universities in the States appear to be expected to publish much and often, partly, presumably, to keep the virtues of their universities before the eyes of budding students and their parents and advisers. Such a system may not produce much that is profound, but it may be the means of disseminating a good deal of useful information.

Professor Munro is well acquainted with the subject of government, is careful of his facts, is well endowed with common sense, and has a clear eye, not too blurred by tradition and custom, and a style which runs flowingly. His books, therefore, are soundly informative and pleasant to read, with many sage comments by the way.

The present volume, which has been almost entirely re-written, deals with city (or town) government in this country and in France, Germany, and Italy, and is a good and pleasing vehicle of information for those who wish to obtain a general knowledge of the systems of municipal government in these countries.

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